

BRD – Groupe Société Générale S.A.

INTERIM FINANCIAL STATEMENTS

March 31, 2024

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
for the period ended March 31, 2024
(Amounts in thousands RON)

	Note	Group		Bank	
		Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
ASSETS					
Cash and due from Central Bank	4, 35	9,729,927	11,778,215	9,729,846	11,778,143
Due from banks	5	7,363,101	6,129,340	7,347,583	6,113,975
Derivatives and other financial instruments held for trading	6	2,183,363	2,135,709	2,162,989	2,110,661
Financial assets at fair value through profit and loss	7	11,299	11,376	11,299	11,376
Financial assets at fair value through other comprehensive income	8	13,368,563	13,429,670	13,368,563	13,429,670
Financial assets at amortised cost	9	46,867,271	45,795,821	46,469,154	45,384,120
Loans and advances to customers	9.1	41,641,033	40,613,391	41,242,916	40,201,690
Treasury bills at amortised cost	9.2	5,226,238	5,182,430	5,226,238	5,182,430
Finance lease receivables	10	1,769,813	1,691,734	-	-
Investments in subsidiaries, associates and joint ventures		67,063	64,883	103,872	103,872
Property, plant and equipment	11	1,114,213	1,073,896	1,092,380	1,051,237
Investment property	11	14,514	14,536	14,514	14,536
Goodwill	12	50,130	50,130	50,130	50,130
Intangible assets	13	518,484	505,958	516,619	504,221
Deferred tax asset	23	302,612	309,089	297,778	303,152
Other assets	14	647,220	641,612	511,837	519,151
Assets held for sale	15	180,199	216,992	7,008	7,106
Total assets		84,187,772	83,848,961	81,683,572	81,381,350
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	16	1,406,418	1,146,540	1,406,418	1,146,540
Derivatives and other financial instruments held for trading	6	1,066,141	1,272,450	1,066,141	1,272,450
Due to customers	17	62,953,579	62,405,609	63,139,953	62,641,838
Borrowed funds	18	7,003,913	7,004,362	4,844,130	4,834,225
Subordinated debts	19	1,244,467	1,245,400	1,244,467	1,245,400
Current tax liability	23	65,089	36,181	62,620	35,074
Provisions	20	328,058	348,066	313,398	333,810
Other liabilities	21	953,530	1,528,347	841,108	1,406,990
Total liabilities		75,021,195	74,986,955	72,918,235	72,916,327
Share capital	22	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(1,179,114)	(1,157,341)	(1,179,114)	(1,157,341)
Retained earnings and capital reserves		7,760,238	7,436,057	7,428,829	7,106,742
Non-controlling interest		69,831	67,668	-	-
Total equity		9,166,577	8,862,006	8,765,337	8,465,023
Total liabilities and equity		84,187,772	83,848,961	81,683,572	81,381,350

The financial statements have been authorized by the Group's management on May 2, 2024 and are signed on the Group's behalf by:

Jean-Pierre Georges Vigroux
Chairman of the Board of Directors

Maria Rousseva
Chief Executive Officer

Etienne Loulergue
Deputy Chief Executive Officer

Simona Prodan
Finance Executive Director

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE PROFIT OR LOSS
for the period ended March 31, 2024
(Amounts in thousands RON)

Note	Group		Bank		
	Unaudited (*)		Unaudited (*)		
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023	
Interest and similar income	24	1,163,680	972,837	1,112,221	928,992
Interest and similar expense	25	(447,463)	(302,299)	(428,144)	(291,134)
Net interest income		716,217	670,538	684,077	637,858
Fees and commission income	26	294,692	273,903	284,573	264,386
Fees and commission expense	26	(108,577)	(101,573)	(106,971)	(99,850)
Fees and commissions, net		186,115	172,330	177,602	164,536
Gain on derivative, other financial instruments held for trading and foreign exchange	27	92,505	90,534	91,998	89,868
Gain / (loss) from financial instruments at fair value through profit and loss		(136)	1,538	(136)	1,353
Net income from associates and joint ventures		2,185	763	-	-
Other expense from banking activities	28	(12,222)	(364)	(12,021)	(254)
Net banking income		984,664	935,339	941,520	893,361
Persomel expenses	30	(244,678)	(223,879)	(233,520)	(212,469)
Depreciation, amortization and impairment on tangible and intangible assets	31	(69,094)	(59,929)	(67,855)	(58,854)
Contribution to Guarantee Scheme and Resolution Fund	29	(43,052)	(75,775)	(43,052)	(75,775)
Other operating expenses	32	(172,646)	(148,423)	(166,513)	(139,506)
Total operating expenses		(529,470)	(508,006)	(510,940)	(486,604)
Gross operating profit		455,194	427,333	430,580	406,757
Cost of risk	33	(54,263)	(9,448)	(36,370)	(7,060)
Operating profit		400,931	417,885	394,210	399,697
Profit before income tax		400,931	417,885	394,210	399,697
Current tax expense	23	(63,982)	(60,234)	(62,620)	(60,092)
Deferred tax expense	23	(10,604)	(15,548)	(9,502)	(6,858)
Total income tax		(74,586)	(75,782)	(72,122)	(66,950)
Profit for the period		326,345	342,103	322,088	332,747
Profit attributable to equity holders of the parent		324,183	337,236	-	-
Profit attributable to non-controlling interests		2,162	4,867	-	-
Basic earnings per share (in RON)	34	0.4652	0.4839	0.4622	0.4775

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended March 31, 2024
(Amounts in thousands RON)

	Group Unaudited (*)		Bank Unaudited (*)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Profit for the period	326,345	342,103	322,088	332,747
Other comprehensive income				
Net comprehensive income that may be reclassified to profit and loss in subsequent periods	(21,773)	306,395	(21,773)	306,395
Net gain/(loss) on financial assets at fair value through other comprehensive income	(21,773)	306,395	(21,773)	306,395
Reclassifications to profit and loss during the period	(101)	21	(101)	21
Revaluation differences	(25,801)	364,731	(25,801)	364,731
Income tax	4,128	(58,357)	4,128	(58,357)
Other comprehensive income for the period, net of tax	(21,773)	306,395	(21,773)	306,395
Total comprehensive income for the period, net of tax	304,572	648,498	300,315	639,142
Attributable to:				
Equity holders of the parent	302,410	643,631		
Non-controlling interest	2,162	4,867		

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2024
(Amounts in thousands RON)

Group

	Attributable to equity holders of the parent					Non-controlling interest	Total equity
	Other reserves						
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves			
December 31, 2022	2,515,622	(2,084,244)	30,135	6,439,441	58,812	6,959,766	
Total comprehensive income	-	306,395	-	337,236	4,867	648,498	
Net Profit for the period	-	-	-	337,236	4,867	342,103	
Other comprehensive income	-	306,395	-	-	-	306,395	
March 31, 2023	2,515,622	(1,777,849)	30,135	6,776,679	63,679	7,608,266	

	Attributable to equity holders of the parent					Non-controlling interest	Total equity
	Other reserves						
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves			
December 31, 2023	2,515,622	(1,181,954)	24,613	7,436,057	67,668	8,862,006	
Total comprehensive income	-	(21,773)	-	324,183	2,162	304,572	
Net Profit for the period	-	-	-	324,183	2,162	326,345	
Other comprehensive income	-	(21,773)	-	-	-	(21,773)	
March 31, 2024	2,515,622	(1,203,727)	24,613	7,760,238	69,831	9,166,577	

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2024
(Amounts in thousands RON)

Bank

	<u>Other reserves</u>			Retained earnings and capital reserves	Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan		
December 31, 2022	2,515,622	(2,084,244)	30,135	6,115,523	6,577,036
Total comprehensive income	-	306,395	-	332,747	639,142
Net Profit for the period	-	-	-	332,747	332,747
Other comprehensive income	-	306,395	-	-	306,395
March 31, 2023	2,515,622	(1,777,849)	30,135	6,448,270	7,216,178

	<u>Other reserves</u>			Retained earnings and capital reserves	Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan		
December 31, 2023	2,515,622	(1,181,954)	24,613	7,106,742	8,465,023
Total comprehensive income	-	(21,773)	-	322,088	300,315
Net Profit for the period	-	-	-	322,088	322,088
Other comprehensive income	-	(21,773)	-	-	(21,773)
March 31, 2024	2,515,622	(1,203,727)	24,613	7,428,830	8,765,337

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
(Amounts in thousands RON)

1. Corporate information

BRD–Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD together with its subsidiaries (the “Group”) offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

The ultimate parent is Société Générale S.A. as of March 31, 2024 (the “Parent” or “SG”).

The Bank has as of March 31, 2024 391 units throughout the country (December 31, 2023: 423).

The average number of active employees of the Group during 2024 was 6,001 (2023: 6,066), and the number of active employees of the Group as of the period-end was 5,978 (December 31, 2023: 6,070).

The average number of active employees of the Bank during 2024 was 5,788 (2023: 5,817), and the number of active employees of the Bank as of the period-end was 5,766 (December 31, 2023: 5,854).

The active employees are the full time employees (excluding maternity leave and long-term sick leave).

BRD–Groupe Société Générale has been quoted on Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

	Unaudited (*)	
	March 31, 2024	December 31, 2023
Societe Generale	60.17%	60.17%
Fondul de pensii administrat privat NN	5.56%	5.56%
Fondul de pensii administrat privat AZT Viitorul Tau	4.27%	4.15%
Infinity Capital Investments SA	3.95%	3.95%
Fondul de pensii administrat privat Metropolitan Life	3.64%	3.56%
Transilvania Investments Alliance S.A.	1.98%	2.02%
Legal entities	14.99%	14.74%
Individuals	5.42%	5.85%
Total	100.00%	100.00%

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
(Amounts in thousands RON)

2. Basis of preparation

a) Basis of preparation

The separate interim financial statements as of March 31, 2024 are of the Bank BRD–Groupe Société Générale. The consolidated and separate interim financial statements as of March 31, 2024 and March 31, 2023 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the three months ended March 31, 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2023. In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards and Order of the National Bank of Romania no. 27/2010 with subsequent amendments, BRD prepared the consolidated and separate financial statements of the Bank and its subsidiaries for the year ended December 31, 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (“EU”).

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity, the consolidated cash flow statement, and consolidated notes.

The separate financial statements include the separate statement of financial position, the separate profit or loss, the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity, the separate cash flow statement, and separate notes.

The consolidated and separate financial statements are presented in Romanian lei (“RON”), which is the Group’s and its subsidiaries’ functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate financial statements has been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, financial assets through other comprehensive income, derivative financial instruments, other financial assets and liabilities held for trading, which have all been measured at fair value.

The Group and Bank’s management has made an assessment of the Group and Bank’s ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on the going concern basis.

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of BRD–Groupe Société Générale and its subsidiaries as of March 31, 2024. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD–Groupe Société Générale and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2023: 99.98%), BRD Finance IFN S.A. (49% ownership, 2023: 49%) and BRD Asset Management SAI S.A. (99.98% ownership, 2023: 99.98%).

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
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2. Basis of preparation (continued)

b) Basis for consolidation (continued)

According to IFRS 12 9(b), the Group controls BRD Finance IFN S.A. even though it holds less than half of the voting rights, through the power to govern the financial and operating policies of the entity under various agreements. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of comprehensive income, respectively.

The Bank is accounting the investments in subsidiaries, associates and joint ventures in the separate financial statements at cost less impairment adjustment.

<u>Group</u>			
	<u>Field of activity</u>	<u>Address</u>	<u>%</u>
<u>Associates</u>			
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	26.95%
BRD Soglease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
<u>Joint ventures</u>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest	33.33%
<u>Bank</u>			
	<u>Field of activity</u>	<u>Address</u>	<u>%</u>
<u>Associates</u>			
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	26.95%
<u>Joint ventures</u>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest	33.33%
<u>Subsidiaries</u>			
BRD Soglease IFN SA	Financial lease	1-7, Ion Mihalache Street, floor 12, district 1, Bucharest	99.98%
BRD Finance IFN SA	Financial institution	1-7, Ion Mihalache Street, floor 15, district 1, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

As of March 31, 2024 and December 31, 2023 BRD Finance IFN SA is in a run off process and entered into a process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of March 31, 2024 and December 31, 2023 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
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2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Bank as of 1 January 2024. The impact of the application of these new and revised IFRSs has been reflected in the financial statements and was estimated as not being material, except disclosures already presented in the Notes.

- **IFRS 17: Insurance Contracts**
- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**
- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**
- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**
- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organization for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

In Romania Pillar Two legislation has been enacted through Law no 431 / 29 December 2023 on minimum effective taxation for multinational enterprise groups and large-scale domestic groups. The legislation will be effective for the Group's financial year beginning 1 January 2024 with reporting to the tax authorities no later than June 30, 2026. At the date of issuing of the present financial statements, the Romanian tax authorities have not yet published relevant methodology or clarifications regarding the implementation of Pillar Two (for example related to covered taxes), in addition to the law transposing the Pillar Two Directive itself into the local law. Based on the information available as of the date of issuing the present financial statements the Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates for all the Group entities that operate in Romania, are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
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2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**
- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The management has assessed that the amendments will not have a material impact.

e) Significant accounting judgments and estimates

In the process of applying the Group and Bank's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the consolidated and separate financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more details in Note 40.

Expected credit losses on financial assets at amortised cost and FVOCI

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank reviews its loans and advances to customers at each reporting date to assess whether there is any objective evidence of impairment. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty's financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due).

The Bank's expected credit loss model (ECL) relies on several underlying assumptions regarding the choice of variable inputs and their interdependencies, which affect the level of allowances:

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2024
(Amounts in thousands RON)

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

- The internal credit grating model, which assigns probabilities of default (PDs) to the individual grades
- The criteria defined (both in relative and absolute terms) for the assessment of significant increase in credit risk since initial recognition and consequently the computation of allowances based on life time expected credit loss (LTECL)
- The grouping of financial assets when their ECL is measured on a collective basis
- The development of ECL model, including the various formulas and the choice of inputs
- The macroeconomic scenarios and their probability weightings based on which ECL is derived
- The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:
 - Sector of activity specific risks (adjustment of ECL on sectors that have a different default behavior from the whole calibration segment)
 - Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models)
- For individually significant loans and advances, the Group and Bank identify and quantify the expected future cash flows to be used for a total or partial reimbursement of the obligations, based on the capacity of the client/business to generate revenues, proceeds resulting from sale of collaterals and other clearly identified sources of repayment. The individual assessment threshold is defined in between 500 - 1,500 thousands EUR, depending on the client type and customers' management departments.

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

i. For a single individual litigation the Bank assess whether there is more likely than not to have an unfavorable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;

ii. For multiple litigations, the assessment of “more likely than not” could be substantiated for the entire population using statistics and provision computation to be made at pool level.

In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount. Please refer to Note 20 and Note 39 for more details.

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2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Impact of climate risk

The Bank considers climate-related matters in its estimates and assumption.

As part of ESG (“Environmental, Social and Governance”) risks assessments, climate risk is considered and it includes physical and transition risks. In accordance with the TCFD (“Task Force on Climate-related Financial Disclosures”), the physical risk refers to acute risks (caused by one-off events) or chronic risks (long-term changes) related to temperature, wind, water or solid waste. In the same manner, the transition risk refers to the financial risks that could result from the process of migrating to a low-carbon economy. Changes in policy, technology and physical risks could lead to a reassessment of the value of a wide range of assets as costs and opportunities become apparent. We also consider the liability risk which means the impact that could occur if parties who have suffered loss or damage due to the effects of climate change seek compensation from those they hold liable. In line with the Société Générale Group's policy, BRD has introduced in 2020 the calculation of a climate vulnerability index (CVI) that reflects the transition risk associated with a client or group of clients, perimeter that has been extended further in 2022 (reducing the applicable threshold). CVI is represented on a 7-step impact scale (high positive, moderate positive, low positive, no impact, low negative, moderate negative and high negative), for certain following portfolios: oil and gas, electricity generation, metals and mining , automobiles, shipping, aircraft. Thus, if and when the case, the Bank is in a dialogue with its customers, especially with those classified moderately and high negatively, on their climate vulnerability, in order to develop a strategy to mitigate the transition risk. In 2023 the methodology of this indicator has been changed, subject to an extension of perimeter (to all the sectors), scope (clients) and tool to be used for its application. The process of extension of scope (physical risks, biodiversity risks, transactions, assets etc.) will evolve in 2024.

In 2020, BRD implemented an environmental and social risk assessment process for certain categories of customers and transactions, a process approved by the Bank's management committee and which has been enhanced yearly. The process is based on the principle of the 3 lines of defences. BRD takes into account at onboarding of its clients and in its lending decisions related to corporate clients, environmental, social and governance risks, applying in this sense the standards of Société Générale Group and other international standards to which the latter has adhered. The assessment of the ESG risks associated with corporate clients is performed for certain categories of clients, while the application of exclusion criteria (dictated by specific activities), and refers to all clients of this type.

The items and considerations that are most directly impacted by climate-related matters are:

- Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. For example the measurement of ECL may be affected by physical climate-related risks such as floods or outbreaks of fire which may negatively affect a borrower's ability to repay the loan, or result in a deterioration in the value of underlying collateral pledged. Transition risks may result from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected.
- Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Consequently the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, it is assumed that the fair value already incorporates market's participants' view of climate risk variables.

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2. Basis of preparation (continued)

f) Segment information

A segment is a component of the Group and Bank:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and;
- For which distinct financial information is available.

The Group and Bank's segment reporting is based on the following segments: *Retail* including Individuals and Small Business, *Non-retail* including Small and Medium Enterprises ("SMEs") and Large corporate and *Corporate Center* including: treasury activities, ALM and other categories unallocated to the business lines mentioned above (fixed assets, taxes, equity investments, etc.).

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3. Segment information

The segments used for management purposes are based on customer type and size, products and services offered as follows:

In Retail (Individuals & Small Business) category the following customer's segments are identified:

- Individuals – the Bank provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities, etc.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Non –Retail category the following customer's segments are identified:

- Small and medium enterprises (companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million);
- Large corporate (corporate banking and companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions).

The Bank provides these customers with a range of banking products and services, including saving and deposits taking, loans and other credit facilities, transfers and payment services, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions.

The Corporate Center includes: treasury activities, ALM and other categories unallocated to Retail and Non-Retail business lines.

The Executive Committee monitors the activity of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

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3. Segment information (continued)

	Group							
	March 31, 2024 Unaudited (*)				December 31, 2023			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	84,187,772	25,951,007	17,633,030	40,603,736	83,848,961	25,532,562	16,982,449	41,333,950
Loans and advances to customers, net & Finance lease receivables	43,410,846	25,777,816	17,633,030	-	42,305,125	25,322,676	16,982,449	-
Other assets	40,776,927	173,191	-	40,603,736	41,543,836	209,886	-	41,333,950
Total liabilities	84,187,772	41,027,809	21,925,770	21,234,193	83,848,961	40,766,424	21,639,185	21,443,352
Due to customers	62,953,579	41,027,809	21,925,770	-	62,405,609	40,766,424	21,639,185	-
Other liabilities	21,234,193	-	-	21,234,193	21,443,352	-	-	21,443,352

The category “Other assets” includes the loan portfolio of BRD Finance IFN SA which is made of retail consumer unsecured loans and that meets the criteria in IFRS 5 “Non-current assets held for sale and discontinued operations”, for classification as non-current asset held for sale.

	Bank							
	March 31, 2024 Unaudited (*)				December 31, 2023			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	81,683,572	24,987,450	16,255,466	40,440,656	81,381,350	24,534,157	15,667,533	41,179,660
Loans and advances to customers, net	41,242,916	24,987,450	16,255,466	-	40,201,690	24,534,157	15,667,533	-
Other assets	40,440,656	-	-	40,440,656	41,179,660	-	-	41,179,660
Total liabilities	81,683,572	41,027,809	22,112,144	18,543,619	81,381,350	40,766,424	21,875,414	18,739,512
Due to customers	63,139,953	41,027,809	22,112,144	-	62,641,838	40,766,424	21,875,414	-
Other liabilities	18,543,619	-	-	18,543,619	18,739,512	-	-	18,739,512

The accompanying notes are an integral part of this financial statements

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3. Segment information (continued)

	Group							
	Unaudited (*) Three months ended March 31, 2024				Unaudited (*) Three months ended March 31, 2023			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Net interest income	716,217	425,906	216,907	73,405	670,538	409,757	191,947	68,834
Fees and commissions, net	186,115	117,891	65,603	2,621	172,330	114,696	58,690	(1,056)
Total non-interest income	82,332	18,954	24,386	38,992	92,471	26,305	23,004	43,162
Operating income	984,664	562,751	306,895	115,018	935,339	550,759	273,641	110,940
Total operating expenses	(529,470)	(367,967)	(147,693)	(13,810)	(508,006)	(343,720)	(143,425)	(20,861)
Cost of risk	(54,263)	(68,636)	16,784	(2,412)	(9,448)	(24,033)	16,885	(2,300)
Profit before income tax	400,931	126,149	175,986	98,796	417,885	183,006	147,100	87,779
Total income tax	(74,586)	(23,467)	(32,738)	(18,381)	(75,782)	(33,199)	(26,685)	(15,898)
Profit for the period	326,345	102,682	143,248	80,415	342,103	149,808	120,415	71,880
Cost Income Ratio	53.8%	65.4%	48.1%		54.3%	62.4%	52.4%	

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3. Segment information (continued)

	Unaudited (*)				Bank	Unaudited (*)			
	Three months ended March 31, 2024					Three months ended March 31, 2023			
	Total	Retail	Non retail	Corporate Center		Total	Retail	Non retail	Corporate Center
Net interest income	684,077	414,187	194,035	75,855		637,858	391,822	173,647	72,389
Fees and commissions, net	177,602	112,286	63,912	1,404		164,536	109,514	57,656	(2,634)
Total non-interest income	79,841	19,044	24,259	36,538		90,967	26,318	23,587	41,062
Operating income	941,519	545,516	282,206	113,797		893,361	527,656	254,890	110,815
Total operating expenses	(510,940)	(359,031)	(138,155)	(13,754)		(486,604)	(331,988)	(133,761)	(20,856)
Cost of risk	(36,370)	(69,776)	35,815	(2,409)		(7,060)	(25,151)	20,391	(2,300)
Profit before income tax	394,210	116,709	179,866	97,634		399,697	170,517	141,520	87,659
Total income tax	(72,122)	(21,352)	(32,907)	(17,863)		(66,950)	(28,561)	(23,705)	(14,684)
Profit for the period	322,088	95,356	146,959	79,772		332,747	141,954	117,816	72,977
Cost Income Ratio	54.3%	65.8%	49.0%			54.5%	62.9%	52.5%	

The accompanying notes are an integral part of this financial statements

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4. Cash and due from Central Bank

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Cash in vaults	1,706,231	1,983,870	1,706,150	1,983,798
Cash in ATM	522,235	538,308	522,235	538,308
Current accounts with Central Bank	5,030,225	9,256,037	5,030,225	9,256,037
Deposits with Central Bank	2,471,235	-	2,471,235	-
Total	9,729,927	11,778,215	9,729,846	11,778,143

5. Due from banks

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Deposits at Romanian banks	(0)	4,122	0	4,122
Deposits at foreign banks	1,813,583	313,679	1,798,065	298,314
Current accounts at Romanian banks	102,796	119,779	102,796	119,779
Current accounts at foreign banks	652,844	560,110	652,844	560,110
Reverse repo	4,311,768	4,650,402	4,311,768	4,650,402
Bonds	482,110	481,248	482,110	481,248
Total	7,363,101	6,129,340	7,347,583	6,113,975

The Due from banks portfolio is classified as Stage 1. The Group and Bank registered an impairment allowance for Due from banks of 3 as of March 31, 2024 (December 31, 2023: 0).

6. Derivatives and other financial instruments held for trading

Group Unaudited (*)	March 31, 2024		
	Assets	Liabilities	Notional (total)
Interest rate swaps	30,462	240,672	4,973,738
Currency swaps	13,975	10,717	2,154,508
Forward foreign exchange contracts	5,870	3,084	1,094,244
Options	46,121	46,174	6,307,320
Total derivative financial instruments	96,428	300,647	14,529,810

	March 31, 2024	
	Assets	Liabilities
Treasury notes	1,320,900	586,932
Trading loans/deposits	-	117,119
Reverse repo/Repo	766,035	61,443
Total financial assets and liabilities held for trading	2,086,935	765,494

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6. Derivatives and other financial instruments held for trading (continued)

Group	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	27,661	253,207	4,912,352
Currency swaps	12,587	35,016	3,755,955
Forward foreign exchange contracts	3,177	3,537	1,030,494
Options	43,858	44,011	3,857,823
Total derivative financial instruments	87,283	335,771	13,556,624

	December 31, 2023	
	Assets	Liabilities
Treasury notes	1,219,076	522,637
Trading loans/deposits	-	344,613
Reverse repo/Repo	829,350	69,429
Total financial assets and liabilities held for trading	2,048,426	936,679

Bank Unaudited (*)	March 31, 2024		
	Assets	Liabilities	Notional (total)
Interest rate swaps	30,462	240,672	4,973,738
Currency swaps	13,975	10,717	2,154,508
Forward foreign exchange contracts	5,900	3,084	1,114,122
Options	46,121	46,174	6,307,320
Total derivative financial instruments	96,458	300,647	14,549,688

	March 31, 2024	
	Assets	Liabilities
Treasury notes	1,300,496	586,932
Trading loans/deposits	-	117,119
Reverse repo/Repo	766,035	61,443
Total financial assets and liabilities held for trading	2,066,531	765,494

Bank	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	27,661	253,207	4,912,352
Currency swaps	12,587	35,016	3,755,955
Forward foreign exchange contracts	3,177	3,537	1,030,494
Options	43,858	44,011	3,857,823
Total derivative financial instruments	87,283	335,771	13,556,624

	December 31, 2023	
	Assets	Liabilities
Treasury notes	1,194,028	522,637
Trading loans/deposits	-	344,613
Reverse repo/Repo	829,350	69,429
Total financial assets and liabilities held for trading	2,023,378	936,679

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6. Derivatives and other financial instruments held for trading (continued)

The Group continue to apply hedge accounting (fair value hedge) as of March 31, 2024 and has four hedging relationships (five hedging relationships as of December 31, 2023).

- On June 30, 2018, the Bank initiated two macro fair value hedges one in EUR and one in USD of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged items are represented by the portion of the current accounts portfolio equal to the swaps nominal values of:
 - 90 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 4.25 years.
 - 20 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 1.25 years.
 - 20 million USD yearly with a fixed interest rate of 2.813%, the remaining period of 4.25 years.
- In October 30, 2020 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 245 million EUR. The swap has a fixed interest rate of -0.403% and a remaining period of 6.59 years.
- On September 30, 2021 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 90 million EUR. The swap has a fixed interest rate of -0.337% and a remaining period of 2.50 years.
- On October 31, 2023 the Bank initiated two micro fair value hedges in EUR of interest rate risk associated with the purchased fixed rate bonds issued by French Republic in EUR, using an interest rate swap (pay fixed, receive variable). The purpose of the hedge is to protect the Bank against change in benchmark interest rate. The benchmark interest rate considered for EUR by the Bank is EURIBOR 3M. The hedged items are represented by bonds issued by French Republic which equal to the swap nominal values of:
 - 188 million EUR yearly with a fixed interest rate of 3.4375%
 - 125.5 million EUR yearly with a fixed interest rate of 3.162%.

As at March 31, 2024 the micro fair value hedges were closed due to inefficiency reasons.

All hedging relationships have quarterly settlement periods for both fixed and variable legs. The macro hedging relationships were effective throughout the reporting period.

Main source of hedge ineffectiveness that might be expected to affect the hedging relationships is the amortization model of current accounts. However, the amortization of the hedged item is based on a behavioral ALM model that is reviewed/back-tested on a yearly basis. In order to avoid inefficiency generated by the underestimated amortization of the current accounts, maximum 70% of the current accounts portfolio per each time band is designated as hedged item.

The hedging relationship were designated on the date of the IRS origination. At that date, the theoretical derivative was built as to match the interest rate behavior of the current accounts, the hedged item (i.e. a spread was added to the variable leg so that the fair value of the theoretical swap on the designation date to be zero). Consequently, no other major sources of ineffectiveness were identified.

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6. Derivatives and other financial instruments held for trading (continued)

As of March 31, 2024, the accumulated amount of fair value hedge adjustments on the current accounts hedged item are included in the carrying amount and presented in due to customer line in the statement of financial position and amounts to -182,990. The change in value of the hedged item during the period is explained by the cumulated effect of a loss from revaluation in amount of 367 and of the exchange rate evolution effect in amount of -138.

The fair value of hedging instrument for Group and Bank was the following:

	March 31, 2024		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	192,343	2,303,584

	December 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	213,462	2,927,925

Forwards

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Bank purchases and sells options in the over-the-counter markets.

Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are kept in order to neutralize the customer deals.

Trading treasury notes are treasury discount notes and coupon bonds held for trading purposes. All the treasury notes in Bank's portfolio are issued by the Romanian Government in RON, EUR and USD.

Trading loans/deposits (including reverse repo/repo) are financial instruments originated by clients or interbank flow and the associated risk management, those resulting from Bank obligations as primary dealer and from Bank position al liquidity provider.

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7. Financial assets at fair value through profit or loss

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Equity investments	11,299	11,376	11,299	11,376
Total	11,299	11,376	11,299	11,376

Equity investments represent shares in Romanian Commodities Exchange (Bursa de Valori Bucuresti), National Society for Transfer of Funds and Settlements-TransFonD (Societatea Nationala de Transfer de Fonduri si Decontari), SWIFT, Shareholders' Register for the National Securities Commission (Depozitarul Central S.A.), Bucharest Stock Exchange (Bursa Romana de Marfuri SA).

8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include treasury notes, respectively treasury discount notes and coupon bonds issued by:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Ministry of Public Finance	10,824,554	10,849,182	10,824,554	10,849,182
French State	2,010,879	2,030,930	2,010,879	2,030,930
Belgian State	533,130	549,558	533,130	549,558
Total market value	13,368,563	13,429,670	13,368,563	13,429,670
ECL impairment allowance	(2,359)	(2,459)	(2,359)	(2,459)
Total	13,366,204	13,427,211	13,366,204	13,427,211

These financial assets at fair value through other comprehensive income are rated as very good according to internal rating. As of March 31, 2024, they are classified as Stage 1 and ECL impairment allowance amounts to 2,359 (December 31, 2023: 2,459).

9. Financial assets at amortised cost

9.1. Loans and advances to customers

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Loans, gross	43,420,962	42,307,745	42,993,334	41,881,907
Loans impairment	(1,779,929)	(1,694,354)	(1,750,418)	(1,680,217)
Total	41,641,033	40,613,391	41,242,916	40,201,690

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

The structure of loans is the following:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Working capital loans	10,877,322	10,208,630	10,877,322	10,208,630
Loans for equipment	4,605,474	4,446,600	4,176,401	4,016,253
Trade activities financing	923,507	1,181,285	923,507	1,181,285
Acquisition of real estate, including mortgage for individuals	15,262,302	15,063,829	15,262,302	15,063,829
Consumer loans	9,587,553	9,333,096	9,588,998	9,337,605
Other	2,164,804	2,074,307	2,164,804	2,074,307
Total	43,420,961	42,307,745	42,993,334	41,881,907

During 2024 the gross loan portfolio increased by 1,111 million RON as compared with December 31, 2023.

As of March 31, 2024 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 35,026 million RON, with a 1,535 million RON increase compared to December 31, 2023
- Stage 2: 6,855 million RON, with a 516 million RON decrease compared to December 31, 2023
- Stage 3: 1,050 million RON, with a 90 million RON increase compared to December 31, 2023
- POCI: 62 million RON, with 2 million RON increase compared to December 31, 2023.

As of March 31, 2024 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 5,255,635 (December 31, 2023: 5,071,590), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 3,973,951 (December 31, 2023: 5,248,249).

BRD-Groupe Société Générale and International Finance Corporation (“IFC”), a member of the World Bank Group, have closed in Q1 2024 a landmark synthetic significant risk transfer (SRT) transaction that will free up capital for BRD to boost the financing of impactful sustainability-related projects in Romania. The transaction was closed between BRD and IFC on a reference portfolio of EUR 700 million, being representative of BRD core corporate activities with good diversification across industries, and product types. For this transaction BRD purchased a EUR 105 million financial guarantee which takes the form of a bilateral unfunded financial guarantee between IFC and BRD.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance

Group Unaudited (*) %	March 31, 2024									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	50.7%	30.4%	87.2%	86.2%	74.0%	74.6%	39.1%	14.4%	57.1%	65.8%
Agriculture, forestry and fishing	4.2%	7.6%	3.6%	4.0%	4.2%	3.3%	0.0%	0.0%	4.1%	4.5%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.3%	12.7%	2.0%	1.8%	2.4%	2.5%	4.0%	1.2%	7.2%	4.8%
Electricity, gas, steam and air conditioning supply	3.7%	5.2%	0.2%	0.0%	0.1%	0.1%	0.0%	0.0%	3.1%	1.4%
Water supply	0.3%	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	3.3%	5.4%	0.8%	1.0%	5.3%	5.4%	0.0%	0.0%	2.9%	4.1%
Wholesale and retail trade	13.2%	18.3%	3.1%	4.0%	1.7%	1.4%	15.7%	2.9%	11.3%	6.4%
Transport and storage	2.5%	3.5%	0.7%	0.7%	4.6%	4.7%	2.0%	1.1%	2.3%	3.3%
Accommodation and food service activities	1.0%	1.8%	0.3%	0.4%	3.3%	3.2%	0.0%	0.0%	1.0%	2.0%
Information and communication	1.3%	1.5%	0.6%	0.5%	0.4%	0.3%	0.0%	0.0%	1.2%	0.7%
Financial institutions	2.2%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	0.7%
Real estate activities	1.5%	2.6%	0.2%	0.1%	3.1%	3.6%	35.9%	78.7%	1.4%	3.6%
Professional, scientific and technical activities	0.8%	0.6%	0.2%	0.3%	0.4%	0.3%	0.0%	0.0%	0.7%	0.4%
Administrative and support service activities	0.6%	0.9%	0.2%	0.1%	0.1%	0.0%	3.2%	1.7%	0.5%	0.3%
Public administration and defence, compulsory social security	4.5%	2.6%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	3.7%	0.8%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.7%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank Unaudited (*) %	March 31, 2024									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	51.1%	30.4%	88.4%	87.1%	76.9%	76.8%	39.1%	14.4%	57.6%	66.9%
Agriculture, forestry and fishing	3.9%	7.5%	2.7%	3.4%	1.1%	0.9%	0.0%	0.0%	3.6%	3.2%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.4%	12.7%	2.0%	1.9%	2.5%	2.6%	4.0%	1.2%	7.2%	4.9%
Electricity, gas, steam and air conditioning supply	3.8%	5.2%	0.2%	0.0%	0.1%	0.1%	0.0%	0.0%	3.1%	1.4%
Water supply	0.3%	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	3.3%	5.4%	0.8%	1.0%	5.5%	5.6%	0.0%	0.0%	2.9%	4.2%
Wholesale and retail trade	13.2%	18.4%	3.1%	3.9%	1.6%	1.4%	15.7%	2.9%	11.3%	6.4%
Transport and storage	2.1%	3.4%	0.4%	0.5%	4.4%	4.5%	2.0%	1.1%	1.9%	3.1%
Accommodation and food service activities	1.1%	1.8%	0.3%	0.4%	3.4%	3.3%	0.0%	0.0%	1.0%	2.1%
Information and communication	1.3%	1.5%	0.7%	0.5%	0.4%	0.3%	0.0%	0.0%	1.2%	0.7%
Financial institutions	2.2%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	0.7%
Real estate activities	1.6%	2.6%	0.2%	0.1%	3.2%	3.7%	35.9%	78.7%	1.4%	3.7%
Professional, scientific and technical activities	0.8%	0.6%	0.2%	0.3%	0.3%	0.3%	0.0%	0.0%	0.7%	0.4%
Administrative and support service activities	0.6%	0.9%	0.2%	0.1%	0.1%	0.0%	3.2%	1.7%	0.5%	0.3%
Public administration and defence, compulsory social security	4.5%	2.6%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	3.7%	0.8%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.7%	0.2%	0.3%	0.2%	0.2%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Group %	December 31, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	51.1%	31.4%	85.0%	83.8%	75.7%	75.5%	40.6%	14.5%	57.6%	66.0%
Agriculture, forestry and fishing	4.3%	7.4%	2.8%	3.9%	1.8%	1.4%	0.0%	0.0%	4.0%	3.6%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.2%	11.9%	2.0%	2.2%	2.4%	2.6%	3.9%	0.6%	6.9%	4.8%
Electricity, gas, steam and air conditioning supply	3.7%	4.4%	5.1%	3.9%	0.3%	0.1%	0.0%	0.0%	3.9%	2.3%
Water supply	0.5%	0.7%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%
Construction	3.5%	5.7%	0.7%	0.8%	5.1%	5.2%	0.0%	0.0%	3.0%	3.9%
Wholesale and retail trade	13.5%	18.3%	2.5%	3.2%	0.8%	0.8%	16.2%	2.7%	11.2%	5.9%
Transport and storage	2.5%	3.6%	0.5%	0.6%	5.3%	5.4%	0.1%	0.2%	2.2%	3.4%
Accommodation and food service activities	1.0%	1.6%	0.2%	0.3%	3.8%	3.6%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.3%	1.6%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.6%
Financial institutions	2.5%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.8%
Real estate activities	1.6%	2.8%	0.2%	0.2%	3.6%	4.1%	36.6%	80.3%	1.5%	3.8%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.2%	0.4%	0.4%	0.0%	0.0%	0.3%	0.3%
Administrative and support service activities	0.5%	0.8%	0.1%	0.1%	0.0%	0.0%	2.6%	1.7%	0.5%	0.3%
Public administration and defence, compulsory social security	3.5%	2.8%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	2.8%	0.9%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.8%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank %	December 31, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	51.6%	31.5%	86.0%	84.6%	76.8%	76.3%	40.6%	14.5%	58.2%	66.5%
Agriculture, forestry and fishing	3.9%	7.2%	1.9%	3.2%	0.9%	0.7%	0.0%	0.0%	3.5%	3.1%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.2%	11.9%	2.1%	2.2%	2.4%	2.7%	3.9%	0.6%	7.0%	4.8%
Electricity, gas, steam and air conditioning supply	3.8%	4.5%	5.1%	4.0%	0.3%	0.1%	0.0%	0.0%	3.9%	2.4%
Water supply	0.5%	0.7%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%
Construction	3.5%	5.8%	0.6%	0.8%	5.1%	5.3%	0.0%	0.0%	3.0%	4.0%
Wholesale and retail trade	13.5%	18.3%	2.4%	3.1%	0.8%	0.8%	16.2%	2.7%	11.3%	5.9%
Transport and storage	2.1%	3.5%	0.4%	0.5%	4.9%	5.1%	0.1%	0.2%	1.9%	3.2%
Accommodation and food service activities	1.0%	1.6%	0.2%	0.3%	3.8%	3.6%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.4%	1.6%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.6%
Financial institutions	2.6%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.8%
Real estate activities	1.6%	2.8%	0.2%	0.2%	3.6%	4.1%	36.6%	80.3%	1.5%	3.8%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.2%	0.4%	0.4%	0.0%	0.0%	0.3%	0.3%
Administrative and support service activities	0.5%	0.8%	0.1%	0.1%	0.1%	0.0%	2.6%	1.7%	0.4%	0.3%
Public administration and defence, compulsory social security	3.6%	2.8%	0.0%	0.0%	0.3%	0.4%	0.0%	0.0%	2.9%	0.9%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.9%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9. Financial assets at amortised cost (continued)

9.1 Loans and advances to customers (continued)

Rating analysis of loans

Considering the internal rating quality, the exposures of the counterparties not impaired are split in 4 categories which are defined below:

Very good – The counterparty is considered to be very reliable. The capacity to service its debt is very strong.

Good – The counterparty is judged to be of good quality. The capacity to service its debt is strong but counterparty is somewhat more sensitive to adverse changes in circumstances and economic conditions.

Standard grade – The counterparty has an average solvency. The ability to service its debt is still sufficient, but more likely to be undermined by unfavorable economic conditions and changes in circumstances.

Sub-standard grade - The counterparty reflected credit behavior or financial deterioration implying increased credit risk. Timely debt service repayment is uncertain and depends on favorable economic and financial conditions. Close and more frequent monitoring of the client's capacity to service the bank debt is needed, in order to be able to react to a potential deterioration via implementation of corrective measures.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Rating analysis of loans

Group Unaudited (*)	Retail lending				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,839,439	7,703	-	-	10,847,143
Good grade	6,763,220	4,014,254	-	-	10,777,473
Standard grade	1,476,490	1,490,894	-	-	2,967,385
Sub-standard grade	-	747,083	-	15,385	762,468
Non- performing	-	-	844,866	9,260	854,126
(out of which) Individual assessment	-	-	12,725	632	13,357
Not rated internally	114,446	40,512	18,835	-	173,793
Total	19,193,595	6,300,447	863,701	24,645	26,382,388
Provision allowance					
Internal rating grade					
Very good grade	(54,302)	(104)	-	-	(54,407)
Good grade	(50,977)	(95,422)	-	-	(146,400)
Standard grade	(39,197)	(157,991)	-	-	(197,187)
Sub-standard grade	-	(182,174)	-	(72)	(182,246)
Non- performing	-	-	(637,207)	(4,071)	(641,278)
(out of which) Individual assessment	-	-	(11,484)	(255)	(11,739)
Not rated internally	(603)	(2,458)	(10,219)	-	(13,280)
Total	(145,080)	(438,149)	(647,426)	(4,143)	(1,234,797)
Net Carrying amount	19,048,516	5,862,298	216,275	20,502	25,147,591

Group Unaudited (*)	Non-Retail lending				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	11,137,832	112,287	-	-	11,250,118
Standard grade	4,984,982	117,823	-	-	5,102,805
Sub-standard grade	-	420,745	-	6,475	427,220
Non- performing	-	-	227,098	31,333	258,430
(out of which) Individual assessment	-	-	170,183	31,265	201,448
Total	16,122,813	650,854	227,098	37,808	17,038,573
Provision allowance					
Internal rating grade					
Good grade	(176,619)	(4,147)	-	-	(180,766)
Standard grade	(121,925)	(8,161)	-	-	(130,086)
Sub-standard grade	-	(38,582)	-	(1)	(38,583)
Non- performing	-	-	(171,450)	(24,247)	(195,698)
(out of which) Individual assessment	-	-	(136,815)	(24,181)	(160,996)
Total	(298,543)	(50,890)	(171,450)	(24,249)	(545,132)
Net Carrying amount	15,824,270	599,964	55,647	13,559	16,493,441

Group Unaudited (*)	Total				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,839,439	7,703	-	-	10,847,143
Good grade	17,901,051	4,126,540	-	-	22,027,591
Standard grade	6,461,472	1,608,718	-	-	8,070,190
Sub-standard grade	-	1,167,828	-	21,860	1,189,688
Non- performing	-	-	1,071,964	40,593	1,112,557
(out of which) Individual assessment	-	-	182,908	31,897	214,805
Not rated internally	114,446	40,512	18,835	-	173,793
Total	35,316,409	6,951,301	1,090,799	62,453	43,420,962
Provision allowance					
Internal rating grade					
Very good grade	(54,302)	(104)	-	-	(54,407)
Good grade	(227,596)	(99,569)	-	-	(327,165)
Standard grade	(161,121)	(166,152)	-	-	(327,273)
Sub-standard grade	-	(220,755)	-	(73)	(220,829)
Non- performing	-	-	(808,657)	(28,318)	(836,975)
(out of which) Individual assessment	-	-	(148,299)	(24,436)	(172,735)
Not rated internally	(603)	(2,458)	(10,219)	-	(13,280)
Total	(443,623)	(489,039)	(818,876)	(28,392)	(1,779,930)
Net Carrying amount	34,872,786	6,462,262	271,923	34,062	41,641,032

The accompanying notes are an integral part of this financial statements

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank Unaudited (*)	Retail lending				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,839,439	7,703	-	-	10,847,143
Good grade	6,763,220	4,014,254	-	-	10,777,473
Standard grade	1,476,490	1,490,894	-	-	2,967,385
Sub-standard grade	-	747,083	-	15,385	762,468
Non- performing	-	-	844,866	9,260	854,126
(out of which) Individual assessment	-	-	12,725	632	13,357
Not rated internally	372	-	-	-	372
Total	19,079,522	6,259,935	844,866	24,645	26,208,968
Provision allowance					
Internal rating grade					
Very good grade	(54,302)	(104)	-	-	(54,407)
Good grade	(50,977)	(95,422)	-	-	(146,400)
Standard grade	(39,197)	(157,991)	-	-	(197,187)
Sub-standard grade	-	(182,174)	-	(72)	(182,246)
Non- performing	-	-	(637,207)	(4,071)	(641,278)
(out of which) Individual assessment	-	-	(11,484)	(255)	(11,739)
Total	(144,476)	(435,691)	(637,207)	(4,143)	(1,221,517)
Net Carrying amount	18,935,045	5,824,244	207,659	20,502	24,987,450
	Non-Retail lending				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	11,059,982	104,337	-	-	11,164,319
Standard grade	4,886,169	84,004	-	-	4,970,172
Sub-standard grade	-	406,465	-	6,475	412,940
Non- performing	-	-	205,601	31,333	236,934
(out of which) Individual assessment	-	-	170,183	31,265	201,448
Total	15,946,151	594,806	205,601	37,808	16,784,366
Provision allowance					
Internal rating grade					
Good grade	(176,319)	(3,788)	-	-	(180,106)
Standard grade	(121,546)	(6,645)	-	-	(128,191)
Sub-standard grade	-	(37,936)	-	(1)	(37,937)
Non- performing	-	-	(158,419)	(24,247)	(182,667)
(out of which) Individual assessment	-	-	(136,815)	(24,181)	(160,996)
Total	(297,864)	(48,369)	(158,419)	(24,249)	(528,901)
Net Carrying amount	15,648,286	546,437	47,182	13,559	16,255,465
	Total				
	March 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,839,439	7,703	-	-	10,847,143
Good grade	17,823,201	4,118,591	-	-	21,941,792
Standard grade	6,362,659	1,574,898	-	-	7,937,557
Sub-standard grade	-	1,153,549	-	21,860	1,175,409
Non- performing	-	-	1,050,467	40,593	1,091,061
(out of which) Individual assessment	-	-	182,908	31,897	214,805
Not rated internally	372	-	-	-	372
Total	35,025,672	6,854,741	1,050,467	62,453	42,993,334
Provision allowance					
Internal rating grade					
Very good grade	(54,302)	(104)	-	-	(54,407)
Good grade	(227,296)	(99,210)	-	-	(326,506)
Standard grade	(160,742)	(164,636)	-	-	(325,378)
Sub-standard grade	-	(220,110)	-	(73)	(220,183)
Non- performing	-	-	(795,626)	(28,318)	(823,945)
(out of which) Individual assessment	-	-	(148,299)	(24,436)	(172,735)
Total	(442,341)	(484,060)	(795,626)	(28,392)	(1,750,418)
Net Carrying amount	34,583,331	6,370,681	254,841	34,062	41,242,915

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Group	Retail lending December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	6,530,116	4,239,029	-	-	10,769,145
Standard grade	1,473,739	1,533,399	-	-	3,007,138
Sub-standard grade	-	721,628	-	15,437	737,065
Non-performing	-	-	765,104	9,309	774,413
(out of which) Individual assessment	-	-	13,013	224	13,237
Not rated internally	134,787	41,567	11,134	-	187,489
Total	18,535,625	6,543,571	776,238	24,746	25,880,181
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(50,174)	(96,320)	-	-	(146,494)
Standard grade	(38,873)	(164,082)	-	-	(202,955)
Sub-standard grade	-	(180,061)	-	(96)	(180,158)
Non-performing	-	-	(572,290)	(3,909)	(576,198)
(out of which) Individual assessment	-	-	(11,836)	(224)	(12,060)
Not rated internally	(698)	(2,491)	(6,528)	-	(9,716)
Total	(142,904)	(443,059)	(578,818)	(4,005)	(1,168,786)
Net Carrying amount	18,392,720	6,100,513	197,421	20,741	24,711,395

Group	Non-Retail lending December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	10,277,680	464,256	-	-	10,741,936
Standard grade	4,999,167	99,956	-	-	5,099,122
Sub-standard grade	-	353,428	-	6,643	360,070
Non-performing	-	-	197,271	29,166	226,437
(out of which) Individual assessment	-	-	174,952	29,091	204,044
Total	15,276,846	917,640	197,271	35,808	16,427,565
Provision allowance					
Internal rating grade					
Good grade	(162,701)	(23,983)	-	-	(186,684)
Standard grade	(118,933)	(7,484)	-	-	(126,417)
Sub-standard grade	-	(37,034)	-	(3)	(37,037)
Non-performing	-	-	(151,877)	(23,554)	(175,430)
(out of which) Individual assessment	-	-	(136,955)	(23,487)	(160,442)
Total	(281,634)	(68,501)	(151,877)	(23,557)	(525,569)
Net Carrying amount	14,995,212	849,139	45,394	12,252	15,901,996

Group	Total December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	16,807,796	4,703,285	-	-	21,511,081
Standard grade	6,472,905	1,633,354	-	-	8,106,260
Sub-standard grade	-	1,075,056	-	22,080	1,097,136
Non-performing	-	-	962,375	38,475	1,000,850
(out of which) Individual assessment	-	-	187,966	29,315	217,281
Not rated internally	134,787	41,567	11,134	-	187,489
Total	33,812,471	7,461,211	973,509	60,555	42,307,746
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(212,875)	(120,303)	-	-	(333,178)
Standard grade	(157,806)	(171,566)	-	-	(329,372)
Sub-standard grade	-	(217,095)	-	(99)	(217,195)
Non-performing	-	-	(724,166)	(27,462)	(751,629)
(out of which) Individual assessment	-	-	(148,791)	(23,711)	(172,502)
Not rated internally	(698)	(2,491)	(6,528)	-	(9,716)
Total	(424,539)	(511,560)	(730,694)	(27,562)	(1,694,354)
Net Carrying amount	33,387,932	6,949,651	242,815	32,993	40,613,392

The accompanying notes are an integral part of this financial statements

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
December 31, 2023					
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	6,530,116	4,239,029	-	-	10,769,145
Standard grade	1,473,739	1,533,399	-	-	3,007,138
Sub-standard grade	-	721,628	-	15,437	737,065
Non- performing	-	-	765,104	9,309	774,413
(out of which) Individual assessment	-	-	13,013	224	13,237
Not rated internally	535	-	-	-	535
Total	18,401,372	6,502,004	765,104	24,746	25,693,227
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(50,174)	(96,320)	-	-	(146,494)
Standard grade	(38,873)	(164,082)	-	-	(202,955)
Sub-standard grade	-	(180,061)	-	(96)	(180,158)
Non- performing	-	-	(572,290)	(3,909)	(576,198)
(out of which) Individual assessment	-	-	(11,836)	(224)	(12,060)
Total	(142,207)	(440,568)	(572,290)	(4,005)	(1,159,069)
Net Carrying amount	18,259,166	6,061,436	192,815	20,741	24,534,157

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
December 31, 2023					
Gross carrying amount					
Internal rating grade					
Good grade	10,218,633	457,398	-	-	10,676,031
Standard grade	4,871,046	70,541	-	-	4,941,586
Sub-standard grade	-	340,831	-	6,643	347,474
Past due but not impaired	-	-	-	-	-
Non- performing	-	-	194,424	29,166	223,589
(out of which) Individual assessment	-	-	174,952	29,091	204,044
Total	15,089,679	868,770	194,424	35,808	16,188,681
Provision allowance					
Internal rating grade					
Good grade	(162,434)	(23,648)	-	-	(186,082)
Standard grade	(118,401)	(6,045)	-	-	(124,445)
Sub-standard grade	-	(36,417)	-	(3)	(36,421)
Non- performing	-	-	(150,647)	(23,554)	(174,200)
(out of which) Individual assessment	-	-	(136,955)	(23,487)	(160,442)
Total	(280,835)	(66,110)	(150,647)	(23,557)	(521,148)
Net Carrying amount	14,808,844	802,660	43,777	12,252	15,667,533

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
December 31, 2023					
Gross carrying amount					
Internal rating grade					
Very good grade	10,396,982	7,948	-	-	10,404,931
Good grade	16,748,749	4,696,426	-	-	21,445,176
Standard grade	6,344,784	1,603,940	-	-	7,948,724
Sub-standard grade	-	1,062,459	-	22,080	1,084,539
Non- performing	-	-	959,528	38,475	998,003
(out of which) Individual assessment	-	-	187,966	29,315	217,281
Not rated internally	535	-	-	-	535
Total	33,491,051	7,370,773	959,528	60,555	41,881,907
Provision allowance					
Internal rating grade					
Very good grade	(53,161)	(104)	-	-	(53,265)
Good grade	(212,608)	(119,968)	-	-	(332,575)
Standard grade	(157,273)	(170,127)	-	-	(327,400)
Sub-standard grade	-	(216,479)	-	(99)	(216,578)
Non- performing	-	-	(722,936)	(27,462)	(750,398)
(out of which) Individual assessment	-	-	(148,791)	(23,711)	(172,502)
Total	(423,041)	(506,678)	(722,936)	(27,562)	(1,680,217)
Net Carrying amount	33,068,010	6,864,096	236,592	32,993	40,201,691

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Impairment allowance movement

Group Unaudited (*)	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	142,904	443,058	578,818	4,006	1,168,786
New assets originated or purchased	31,638	5,672	7,784	2	45,096
Assets derecognised or repaid (excluding write offs)	(4,364)	(6,964)	(6,138)	(10)	(17,477)
Net provision movement for assets that did not change classification	(21,590)	(3,312)	4,421	254	(20,227)
Movements due to change in classification	(3,491)	(185)	68,531	27	64,882
Amounts written off	-	-	(5,836)	(133)	(5,969)
Other adjustments	(18)	(121)	(153)	(1)	(294)
Impairment allowance as at March 31, 2024	145,079	438,148	647,426	4,144	1,234,798

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	281,634	68,501	151,877	23,557	525,568
New assets originated or purchased	33,521	3,383	358	-	37,263
Assets derecognised or repaid (excluding write offs)	(15,612)	(2,077)	(19)	-	(17,709)
Net provision movement for assets that did not change classification	(7,333)	(411)	10,400	716	3,371
Movements due to change in classification	6,403	(18,500)	8,635	-	(3,462)
Amounts written off	-	-	(3)	-	(3)
Other adjustments	(69)	(6)	203	(24)	104
Impairment allowance as at March 31, 2024	298,543	50,890	171,450	24,249	545,132

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	424,538	511,559	730,694	27,563	1,694,354
New assets originated or purchased	65,159	9,056	8,142	2	82,359
Assets derecognised or repaid (excluding write offs)	(19,976)	(9,041)	(6,158)	(10)	(35,186)
Net provision movement for assets that did not change classification	(28,923)	(3,724)	14,821	969	(16,856)
Movements due to change in classification	2,912	(18,685)	77,165	27	61,420
Amounts written off	-	-	(5,839)	(133)	(5,973)
Other adjustments	(87)	(127)	50	(25)	(189)
Impairment allowance as at March 31, 2024	443,622	489,038	818,876	28,393	1,779,929

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank Unaudited (*)	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	142,207	440,568	572,290	4,005	1,159,069
New assets originated or purchased	31,577	5,643	7,784	2	45,007
Assets derecognised or repaid (excluding write offs)	(4,338)	(6,957)	(5,937)	(10)	(17,242)
Net provision movement for assets that did not change classification	(21,239)	(3,896)	916	254	(23,965)
Movements due to change in classification	(3,714)	452	68,117	27	64,882
Amounts written off	-	-	(5,836)	(133)	(5,969)
Other adjustments	(17)	(119)	(127)	(1)	(265)
Impairment allowance as at March 31, 2024	144,477	435,691	637,207	4,143	1,221,518

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	280,834	66,110	150,647	23,557	521,147
New assets originated or purchased	33,416	2,889	2	-	36,308
Assets derecognised or repaid (excluding write offs)	(15,611)	(2,068)	8	-	(17,672)
Net provision movement for assets that did not change classification	(7,206)	(328)	(688)	716	(7,507)
Movements due to change in classification	6,499	(18,230)	8,269	-	(3,462)
Amounts written off	-	-	(3)	-	(3)
Other adjustments	(68)	(3)	185	(24)	90
Impairment allowance as at March 31, 2024	297,864	48,369	158,419	24,249	528,901

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2024	423,041	506,677	722,936	27,562	1,680,217
New assets originated or purchased	64,994	8,533	7,786	2	81,315
Assets derecognised or repaid (excluding write offs)	(19,949)	(9,025)	(5,929)	(10)	(34,914)
Net provision movement for assets that did not change classification	(28,445)	(4,225)	229	969	(31,472)
Movements due to change in classification	2,785	(17,778)	76,385	27	61,420
Amounts written off	-	-	(5,839)	(133)	(5,973)
Other adjustments	(86)	(123)	59	(25)	(175)
Impairment allowance as at March 31, 2024	442,341	484,060	795,626	28,392	1,750,418

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Group	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2023	135,308	505,549	584,804	3,219	1,228,880
New assets originated or purchased	117,580	29,159	13,803	8	160,549
Assets derecognised or repaid (excluding write offs)	(18,907)	(41,392)	(130,281)	(587)	(191,168)
Net provision movement for assets that did not change classification	(73,246)	(32,671)	(13,026)	1,548	(117,394)
Movements due to change in classification	(13,760)	(15,400)	193,383	274	164,497
Amounts written off	-	-	(54,773)	(459)	(55,232)
Other adjustments	(4,071)	(2,187)	(15,092)	3	(21,347)
Impairment allowance as at December 31, 2023	142,904	443,058	578,818	4,006	1,168,786
	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2023	232,210	86,326	195,865	21,687	536,088
New assets originated or purchased	160,868	33,670	4,904	-	199,442
Assets derecognised or repaid (excluding write offs)	(103,025)	(26,775)	(18,177)	(0)	(147,976)
Net provision movement for assets that did not change classification	(24,637)	(5,371)	(2,183)	1,824	(30,368)
Movements due to change in classification	15,407	(19,643)	(25,115)	(73)	(29,424)
Amounts written off	-	-	(3,043)	(1)	(3,044)
Other adjustments	810	295	(374)	120	850
Impairment allowance as at December 31, 2023	281,634	68,501	151,877	23,557	525,568
	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1st January 2023	367,518	591,875	780,668	24,906	1,764,968
New assets originated or purchased	278,448	62,829	18,707	8	359,992
Assets derecognised or repaid (excluding write offs)	(121,932)	(68,167)	(148,458)	(587)	(339,144)
Net provision movement for assets that did not change classification	(97,883)	(38,042)	(15,209)	3,372	(147,762)
Movements due to change in classification	1,647	(35,043)	168,267	201	135,073
Amounts written off	-	-	(57,818)	(460)	(58,277)
Other adjustments	(3,260)	(1,893)	(15,466)	124	(20,494)
Impairment allowance as at December 31, 2023	424,539	511,559	730,692	27,564	1,694,354

Line Other adjustments refers mainly to the impairment allowance for the loan portfolio of BRD Finance IFN SA that was reclassified into category Assets held for sale as at December 31, 2023.

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9. Financial assets at amortised cost (continued)

9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1st January 2023	123,834	495,526	546,491	3,219	1,169,070
New assets originated or purchased	117,252	26,831	6,796	8	150,887
Assets derecognised or repaid (excluding write offs)	(18,879)	(40,929)	(130,111)	(587)	(190,506)
Net provision movement for assets that did not change classification	(70,212)	(32,144)	(15,005)	1,548	(115,814)
Movements due to change in classification	(9,946)	(9,409)	218,265	274	199,184
Amounts written off	-	-	(54,738)	(459)	(55,197)
Other adjustments	158	694	591	2	1,445
Impairment allowance as at December 31, 2023	142,207	440,568	572,290	4,005	1,159,069

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1st January 2023	231,675	82,792	194,896	21,687	531,050
New assets originated or purchased	160,420	32,477	4,556	-	197,453
Assets derecognised or repaid (excluding write offs)	(102,991)	(26,492)	(18,108)	(0)	(147,592)
Net provision movement for assets that did not change classification	(22,712)	(4,770)	(2,858)	1,824	(28,517)
Movements due to change in classification	13,645	(18,181)	(24,815)	(73)	(29,424)
Amounts written off	-	-	(3,043)	(1)	(3,044)
Other adjustments	798	285	19	120	1,221
Impairment allowance as at December 31, 2023	280,834	66,110	150,647	23,557	521,147

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1st January 2023	355,510	578,318	741,386	24,906	1,700,120
New assets originated or purchased	277,673	59,307	11,352	8	348,340
Assets derecognised or repaid (excluding write offs)	(121,870)	(67,421)	(148,219)	(587)	(338,098)
Net provision movement for assets that did not change classification	(92,925)	(36,914)	(17,863)	3,372	(144,331)
Movements due to change in classification	3,699	(27,591)	193,450	201	169,760
Amounts written off	-	-	(57,781)	(460)	(58,241)
Other adjustments	955	978	610	122	2,666
Impairment allowance as at December 31, 2023	423,041	506,677	722,936	27,562	1,680,217

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9. Financial assets at amortised cost (continued)

9.2. Treasury bills at amortised cost

Treasury bills at amortised cost income include bonds classified as being Hold To Collect (HTC), measured at amortised cost and rated as very good according to internal rating.

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
	Ministry of Public Finance	2,548,301	2,526,963	2,548,301
French State	2,038,411	2,030,230	2,038,411	2,030,230
United State Government	639,872	625,577	639,872	625,577
Total market value	5,226,585	5,182,771	5,226,585	5,182,771
ECL impairment allowance	(347)	(341)	(347)	(341)
Total	5,226,238	5,182,430	5,226,238	5,182,430

10. Finance lease receivables

The Group acts as a lessor through the subsidiary BRD Sogelease IFN SA, having in the portfolio vehicles, equipment (industrial, agricultural) and real estate leases. The leases are denominated mainly in EUR and RON, with transfer of ownership of the leased asset at the end of the lease term. The receivables are secured by the underlying assets and by other collateral. The payment timing analysis of lease receivables is as follows:

	Group	
	Unaudited (*) March 31, 2024	December 31, 2023
Gross investment in finance lease:		
Less than one year	819,135	786,316
Between one and five years	1,224,752	1,165,089
More than five years	2,400	3,074
	2,046,287	1,954,479
Unearned finance income	(179,321)	(168,973)
Net investment in finance lease	1,866,966	1,785,506
Net investment in finance lease:		
Less than one year	732,969	705,080
Between one and five years	1,131,656	1,077,436
More than five years	2,341	2,990
	1,866,966	1,785,506
	March 31, 2024	December 31, 2023
Net investment in the lease	1,866,966	1,785,506
Accumulated allowance for uncollectible minimum lease payments receivable	(97,153)	(93,772)
Total	1,769,813	1,691,734

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10. Finance lease receivables (continued)

Impairment allowance movement

	Retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2024	2,500	6,945	25,266	34,712
New assets originated or purchased	371	841	0	1,212
Assets derecognised or fully repaid (excluding write offs)	(55)	(54)	(147)	(256)
Movements due to change in classification	101	(496)	395	-
Net movement for assets that did not change classification	(405)	(208)	2,922	2,309
Amounts written off	-	-	(260)	(260)
Other adjustments	(3)	(7)	(25)	(34)
Impairment allowance as at March 31, 2024	2,510	7,022	28,151	37,683

	Non-retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2024	3,492	11,211	44,358	59,060
New assets originated or purchased	557	1,833	267	2,656
Assets derecognised or fully repaid (excluding write offs)	(31)	(189)	(16)	(235)
Movements due to change in classification	874	(1,059)	185	-
Net movement for assets that did not change classification	(1,523)	(157)	(292)	(1,972)
Other adjustments	(4)	(10)	(26)	(40)
Impairment allowance as at March 31, 2024	3,364	11,629	44,477	59,469

	Total			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2024	5,992	18,156	69,624	93,772
New assets originated or purchased	928	2,674	267	3,869
Assets derecognised or fully repaid (excluding write offs)	(86)	(243)	(163)	(491)
Movements due to change in classification	975	(1,555)	580	-
Net movement for assets that did not change classification	(1,929)	(365)	2,630	336
Amounts written off	-	-	(260)	(260)
Other adjustments	(7)	(16)	(51)	(74)
Impairment allowance as at March 31, 2024	5,874	18,651	72,627	97,152

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10. Finance lease receivables (continued)

Impairment allowance movement (continued)

	Retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2023	1,873	7,010	22,726	31,609
New assets originated or purchased	1,310	3,601	1,118	6,029
Assets derecognised or fully repaid (excluding write offs)	(231)	(798)	(1,244)	(2,273)
Movements due to change in classification	1,382	(1,707)	325	-
Net movement for assets that did not change classification	(1,849)	(1,142)	3,916	925
Amounts written off	(1)	(43)	(1,681)	(1,725)
Other adjustments	16	24	106	146
Impairment allowance as at December 31, 2023	2,500	6,945	25,266	34,712

	Non-retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2023	2,616	12,269	47,491	62,377
New assets originated or purchased	1,822	4,921	1,530	8,273
Assets derecognised or fully repaid (excluding write offs)	(189)	(1,030)	(1,746)	(2,965)
Movements due to change in classification	3,837	(3,061)	(776)	-
Net movement for assets that did not change classification	(4,628)	(1,931)	180	(6,379)
Amounts written off	-	(2)	(876)	(878)
Other adjustments	34	44	(1,446)	(1,368)
Impairment allowance as at December 31, 2023	3,492	11,211	44,358	59,060

	Total			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1st January 2023	4,489	19,279	70,218	93,986
New assets originated or purchased	3,132	8,522	2,648	14,302
Assets derecognised or fully repaid (excluding write offs)	(420)	(1,828)	(2,990)	(5,238)
Movements due to change in classification	5,219	(4,768)	(451)	-
Net movement for assets that did not change classification	(6,477)	(3,073)	4,096	(5,453)
Amounts written off	(1)	(45)	(2,557)	(2,603)
Other adjustments	50	68	(1,340)	(1,222)
Impairment allowance as at December 31, 2023	5,992	18,156	69,624	93,772

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11. Property, plant and equipment

	Group						
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	Total
Cost:							
as of December 31, 2022	1,279,432	37,013	289,437	459,660	99,487	486,018	2,651,047
Additions	-	-	222	4	148,812	28,383	177,421
Transfers	44,985	(439)	43,385	71,843	(157,498)	-	2,276
Disposals	(20,459)	(1,068)	(28,674)	(61,356)	(1,847)	(52,033)	(165,437)
as of December 31, 2023	1,303,958	35,506	304,370	470,151	88,954	462,368	2,665,307
Additions	-	-	61	-	33,797	58,632	92,490
Transfers	16,677	-	32,523	16,228	(65,427)	-	-
Disposals	(6,160)	-	(10,275)	(11,733)	(8,495)	(9,931)	(46,594)
as of March 31, 2024 Unaudited	1,314,475	35,506	326,679	474,646	48,829	511,069	2,711,204
Depreciation and impairment:							
as of December 31, 2022	(801,687)	(21,510)	(227,673)	(368,819)	(1,954)	(150,038)	(1,571,681)
Depreciation	(35,156)	(455)	(31,940)	(28,449)	-	(81,420)	(177,420)
Impairment	2,054	75	-	(551)	1,954	-	3,532
Disposals	15,063	658	28,597	57,984	-	66,392	168,694
Transfers	(244)	262	-	(18)	-	-	-
as of December 31, 2023	(819,970)	(20,970)	(231,016)	(339,853)	-	(165,066)	(1,576,875)
Depreciation	(9,437)	(114)	(8,945)	(8,184)	-	(20,063)	(46,743)
Impairment	(210)	92	-	(473)	-	-	(591)
Disposals	5,169	-	10,275	10,863	-	15,425	41,732
as of March 31, 2024 Unaudited	(824,448)	(20,992)	(229,686)	(337,647)	-	(169,704)	(1,582,477)
Net book value:							
as of December 31, 2022	477,745	15,503	61,764	90,841	97,533	335,980	1,079,366
as of December 31, 2023	483,988	14,536	73,354	130,298	88,954	297,302	1,088,432
as of March 31, 2024 Unaudited	490,027	14,514	96,993	136,999	48,829	341,365	1,128,727

The accompanying notes are an integral part of this financial statements

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11. Property, plant and equipment (continued)

	Bank						Total
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	
Cost:							
as of December 31, 2022	1,269,433	37,013	280,540	459,394	99,485	468,218	2,614,082
Additions	-	-	-	-	148,812	19,168	167,980
Transfers	44,985	(439)	43,385	71,843	(157,498)	-	2,276
Disposals	(20,459)	(1,069)	(28,185)	(61,348)	(1,846)	(48,738)	(161,645)
as of December 31, 2023	1,293,959	35,505	295,740	469,889	88,953	438,648	2,622,693
Additions	-	-	-	-	33,797	58,566	92,363
Transfers	16,677	-	32,523	16,228	(65,427)	-	-
Disposals	(6,160)	-	(9,726)	(11,723)	(8,495)	(9,814)	(45,918)
as of March 31, 2024 Unaudited	1,304,476	35,505	318,537	474,394	48,828	487,400	2,669,139
Depreciation and impairment:							
as of December 31, 2022	(796,075)	(21,510)	(219,883)	(368,625)	(1,954)	(144,089)	(1,552,136)
Depreciation	(34,919)	(455)	(31,271)	(28,435)	-	(78,618)	(173,698)
Impairment	2,054	75	-	(551)	1,954	-	3,532
Disposals	15,061	659	28,177	57,976	-	63,509	165,382
Transfers	(244)	262	-	(18)	-	-	-
as of December 31, 2023	(814,123)	(20,969)	(222,977)	(339,653)	-	(159,198)	(1,556,920)
Depreciation	(9,379)	(113)	(8,798)	(8,182)	-	(19,315)	(45,787)
Impairment	(210)	92	-	(473)	-	-	(591)
Disposals	5,165	-	9,727	10,854	-	15,307	41,053
as of March 31, 2024 Unaudited	(818,547)	(20,990)	(222,048)	(337,454)	-	(163,206)	(1,562,245)
Net book value:							
as of December 31, 2022	473,358	15,503	60,657	90,769	97,531	324,129	1,061,946
as of December 31, 2023	479,836	14,536	72,763	130,236	88,953	279,450	1,065,773
as of March 31, 2024 Unaudited	485,929	14,515	96,489	136,940	48,828	324,194	1,106,894

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11. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
Unaudited (*)				
as of January 1, 2024	275,244	10,817	11,241	297,302
Additions	57,617	-	1,014	58,631
Depreciation expense	(17,447)	(905)	(1,711)	(20,063)
Disposals and other decreases	(6,746)	-	-	(6,746)
Contractual changes	12,240	-	1	12,241
as of March 31, 2024	320,908	9,912	10,545	341,365
	Lease liabilities			
as of January 1, 2024	308,752			
Additions	58,632			
Disposals and other decreases	(8,071)			
Other movements (FX, other contractual changes)	12,258			
Interest expense	2,102			
Payments	(23,256)			
as of March 31, 2024	350,417			
	Bank			
	Right-of-use assets			
Unaudited (*)	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2024	259,990	9,284	10,176	279,450
Additions	57,617	-	948	58,565
Depreciation expense	(17,016)	(905)	(1,394)	(19,315)
Disposals and other decreases	(6,746)	-	-	(6,746)
Contractual changes	12,240	-	-	12,240
as of March 31, 2024	306,085	8,379	9,730	324,194
	Lease liabilities			
as of January 1, 2024	290,502			
Additions	58,566			
Disposals and other decreases	(7,753)			
Other movements (FX, other contractual changes)	12,127			
Interest expense	2,044			
Payments	(22,596)			
as of March 31, 2024	332,890			

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11. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2023	316,560	11,031	8,389	335,980
Additions	15,838	3,394	9,151	28,383
Depreciation expense	(71,390)	(3,608)	(6,422)	(81,420)
Disposals and other decreases	(26,242)	-	(68)	(26,310)
Contractual changes	40,478	-	191	40,669
as of December 31, 2023	275,244	10,817	11,241	297,302
	Lease liabilities			
as of January 1, 2023	339,746			
Additions	28,382			
Disposals and other decreases	(24,059)			
Other movements (FX, other contractual changes)	43,871			
Interest expense	5,628			
Payments	(84,816)			
as of December 31, 2023	308,752			
	Bank			
	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2023	305,781	9,498	8,850	324,129
Additions	9,041	3,394	6,733	19,168
Depreciation expense	(69,603)	(3,608)	(5,407)	(78,618)
Disposals and other decreases	(26,242)	-	-	(26,242)
Contractual changes	41,013	-	-	41,013
as of December 31, 2023	259,990	9,284	10,176	279,450
	Lease liabilities			
as of January 1, 2023	327,522			
Additions	19,168			
Disposals and other decreases	(23,259)			
Other movements (FX, other contractual changes)	43,763			
Interest expense	5,448			
Payments	(82,140)			
as of December 31, 2023	290,502			

The Group and Bank holds investment property as a consequence of the ongoing rationalization of its retail branch network. Investment properties comprise a number of commercial properties that are leased to third parties. The investment properties have a fair value of 12,625 as of March 31, 2024 (December 31, 2023: 12,738). The fair value has been determined based on a valuation by an independent valuer in 2024. Rental income from investment property is in amount of 543 (3M 2023: 597).

The accompanying notes are an integral part of this financial statements

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12. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999.

Following the acquisition, the branch became the present Sucursala Mari Clienti Corporativi (“SMCC”) – the branch dedicated to large significant clients, most of them taken over from the former Société Générale Bucharest.

As of March 31, 2024, the branch had a number of 4,278 active customers (2023: 4,193), with loans representing approximately 17% from total loans managed by the network (2023: 16%) and with deposits representing about 12% of networks’ deposits (2023: 13%). Most of the SMCC non-retail clients are large multinational and national customers.

Taking into account the stable base of clients and the contribution to the bank’s net banking income, the branch which generated the goodwill is considered profitable, without any need of impairment.

13. Intangible assets

The balance of the intangible assets as of March 31, 2024 and December 31, 2023 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2022	988,339	961,050
Additions	176,567	174,911
Disposals	(80,042)	(76,684)
Transfers	(2,275)	(2,275)
as of December 31, 2023	1,082,589	1,057,002
Additions	34,400	33,988
Disposals	(1,069)	-
as of March 31, 2024 Unaudited	1,115,920	1,090,990
Amortization:		
as of December 31, 2022	(580,852)	(555,383)
Amortization expense	(74,916)	(74,082)
Disposals	79,137	76,685
as of December 31, 2023	(576,631)	(552,781)
Amortization expense	(21,874)	(21,590)
Disposals	1,069	-
as of March 31, 2024 Unaudited	(597,436)	(574,371)
Net book value:		
as of December 31, 2022	407,487	405,667
as of December 31, 2023	505,958	504,221
as of March 31, 2024 Unaudited	518,484	516,619

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14. Other assets

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Advances to suppliers	101,296	83,406	-	-
Sundry receivable	434,333	481,901	417,101	464,559
Prepaid expenses	93,671	53,353	91,692	51,926
Repossessed assets	4,799	3,754	924	924
Other assets	13,120	19,198	2,120	1,742
Total	647,220	641,612	511,837	519,151

As of March 31, 2024 the carrying value of repossessed assets for Group is 4,800 (December 31, 2023: 3,754). As of March 31, 2024 the carrying value of repossessed assets for Bank is 924 (December 31, 2023: 924).

The sundry receivables balances include various commissions, sundry debtors and are net of impairment allowance.

Group Unaudited (*)	Total (Stage 3)
Sundry receivables	
Impairment allowance as at January 1, 2024	92,192
Additional expenses	18,357
Reversals of provisions	(1,805)
Receivables written off	(209)
Foreign exchange adjustments	3
Impairment allowance as at March 31, 2024	108,538
	Total (Stage 3)
Impairment allowance as at 1 st January 2023	200,209
Additional expenses	75,359
Reversals of provisions	(10,248)
Receivables written off	(173,246)
Foreign exchange adjustments	118
Impairment allowance as at December 31, 2023	92,192

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14. Other assets (continued)

Bank Unaudited (*)	Total (Stage 3)
Sundry receivables	
Impairment allowance as at January 1, 2024	78,030
Additional expenses	15,876
Reversals of provisions	(1,805)
Receivables written off	(209)
Foreign exchange adjustments	3
Impairment allowance as at March 31, 2024	91,895
	Total (Stage 3)
Impairment allowance as at 1 st January 2023	190,512
Additional expenses	70,073
Reversals of provisions	(9,465)
Receivables written off	(173,208)
Foreign exchange adjustments	118
Impairment allowance as at December 31, 2023	78,030

15. Assets held for sale

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Property, plant and equipment	7,008	7,106	7,008	7,106
Financial assets at amortised cost	173,191	209,886	-	-
Total	180,199	216,992	7,008	7,106

The category Property, plant and equipment represents mainly buildings classified as held for sale with a gross value of 8,660 and a provision of 1,652 as of March 31, 2024 (gross value of 8,758 and 1,652 provision allowance as of December 31, 2023).

As of December 31, 2023 the BRD Finance IFN SA has entered into a process for selling its entire loan portfolio, which meets the criteria in IFRS 5 “Non-current assets held for sale and discontinued operations”, for classification as non-current asset held for sale. The portfolio consists of retail consumer unsecured loans (please refer to Note 3). The loans portfolio continues to be measured at amortised cost and the impact resulting from the sale shall be recognised at the date of derecognition of the assets on the basis of the actual selling proceeds.

On January 26, 2024 the BRD Finance IFN Board of Directors approved the sale of the entire loan portfolio to a third party and the entity is in a process of analysing the technical details with regards to the transfer, while the sale is expected to be finalized during 2024.

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15. Assets held for sale (continued)

The loan portfolio of BRD Finance IFN SA is represented only by consumer loans that are not rated and are not guaranteed. The split by stages is detailed below:

	Unaudited (*) March 31, 2024			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount	171,421	4,224	19,647	195,291
Provision allowance	(3,386)	(1,801)	(16,913)	(22,100)
Net Carrying amount	168,035	2,422	2,734	173,191

	December 31, 2023			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount	206,634	6,561	19,931	233,126
Provision allowance	(4,234)	(2,904)	(16,102)	(23,240)
Net Carrying amount	202,400	3,657	3,830	209,886

16. Due to banks

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Demand deposits	864,604	680,497	864,604	680,497
Repo	540,626	460,500	540,626	460,500
Term deposits	1,188	5,543	1,188	5,543
Due to banks	1,406,418	1,146,540	1,406,418	1,146,540

17. Due to customers

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Demand deposits and current accounts	38,738,696	40,585,990	38,778,914	40,655,969
Term deposits	24,214,883	21,819,619	24,361,039	21,985,869
Due to customers	62,953,579	62,405,609	63,139,953	62,641,838

The category Demand deposits and current accounts includes as of March 31, 2024: current accounts in amount of 31,407,727 (32,829,677 as of December 31, 2023), transitory accounts in amount of 432,569 (484,071 as of December 31, 2023), demand deposits in amount of 6,413,102 (6,694,919 as of December 31, 2023) and other amounts due of 525,517 (647,303 as of December 31, 2023).

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18. Borrowed funds

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Borrowings from related parties	6,678,299	6,648,564	4,843,509	4,833,476
Borrowings from international financial institutions	325,614	355,798	621	749
Total	7,003,913	7,004,362	4,844,130	4,834,225

Borrowings from related parties include five senior non-preferred loans from Société Générale in amount of:

- 150 million EUR, with an interest rate of EURIBOR 3M+1.98% and an initial term of three years (received in June 2022)
- 120 million EUR, with a fixed interest rate of 4.77% and an initial term of three years (received in December 2022)
- 450 million EUR, with a fixed interest rate of 4.26% and an initial term of three years (received in December 2023)
- 100 million EUR, with a fixed interest rate of 4.68% and an initial term of seven years (received in December 2023)
- 150 million EUR, with a fixed interest rate of 4.78% and an initial term of eight years (received in December 2023).

Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.

19. Subordinated debts

Two subordinated debts were received from Société Générale in amount of:

- 100 million EUR with an interest rate of EURIBOR 3M+1.98% and an initial term of ten years (in December 2021)
- 150 million EUR with an interest rate of EURIBOR 3M+4.31% and an initial term of ten years (in June 2022).

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20. Provisions

The line Provisions includes provisions for financial guarantee and loan commitments and other provisions.

Financial guarantees and loan commitments provisions movement

Group Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2024	5,581	3,145	4,055	12,781
New commitments originated or purchased	2,975	620	29	3,624
Commitments derecognised or transferred into assets	(159)	(249)	(592)	(1,000)
Net provision movement not resulting from changes in classification	(2,679)	(839)	(146)	(3,664)
Movements due to change in classification	(45)	273	352	580
Provision as at March 31, 2024	5,673	2,950	3,698	12,321
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2024	148,815	19,353	119,277	287,445
New commitments originated or purchased	30,867	1,577	211	32,655
Commitments derecognised or transferred into assets	(10,665)	(2,052)	-	(12,717)
Net provision movement not resulting from changes in classification	(29,436)	(4,515)	(11,140)	(45,091)
Movements due to change in classification	1,168	(1,843)	548	(127)
Other adjustments	(12)	(3)	8	(7)
Provision as at March 31, 2024	140,737	12,517	108,904	262,158
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2024	154,396	22,498	123,333	300,227
New commitments originated or purchased	33,842	2,197	240	36,279
Commitments derecognised or transferred into assets	(10,824)	(2,301)	(592)	(13,718)
Net provision movement not resulting from changes in classification	(32,115)	(5,354)	(11,286)	(48,755)
Movements due to change in classification	1,123	(1,570)	900	453
Other adjustments	(12)	(3)	8	(7)
Provision as at March 31, 2024	146,410	15,467	112,603	274,479

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2024	5,527	3,074	4,029	12,630
New commitments originated or purchased	2,939	559	29	3,527
Commitments derecognised or transferred into assets	(118)	(184)	(592)	(894)
Net provision movement not resulting from changes in classification	(2,679)	(839)	(146)	(3,664)
Movements due to change in classification	(44)	273	352	581
Provision as at March 31, 2024	5,624	2,883	3,672	12,179
	Non-Retail			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2024	148,648	19,196	127,535	295,379
New commitments originated or purchased	30,769	1,182	101	32,052
Commitments derecognised or transferred into assets	(10,572)	(1,928)	-	(12,500)
Net provision movement not resulting from changes in classification	(29,430)	(4,513)	(11,114)	(45,057)
Movements due to change in classification	1,168	(1,843)	548	(127)
Other adjustments	(12)	(3)	19	4
Provision as at March 31, 2024	140,571	12,091	117,089	269,751
	Total			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2024	154,175	22,270	131,564	308,009
New commitments originated or purchased	33,708	1,741	130	35,579
Commitments derecognised or transferred into assets	(10,690)	(2,112)	(592)	(13,394)
Net provision movement not resulting from changes in classification	(32,109)	(5,352)	(11,260)	(48,721)
Movements due to change in classification	1,124	(1,570)	900	454
Other adjustments	(13)	(3)	19	3
Provision as at March 31, 2024	146,195	14,974	120,761	281,930

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Group	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	4,594	4,059	3,281	11,934
New commitments originated or purchased	10,463	2,131	1,519	14,113
Commitments derecognised or transferred into assets	(1,059)	(1,189)	(1,998)	(4,246)
Net provision movement not resulting from changes in classification	(8,048)	(775)	(818)	(9,641)
Movements due to change in classification	(370)	(1,081)	2,071	620
Other adjustments	1	-	-	1
Provision as at December 31, 2023	5,581	3,145	4,055	12,781

Group	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	128,239	50,188	147,471	325,898
New commitments originated or purchased	137,999	28,326	2,090	168,415
Commitments derecognised or transferred into assets	(66,634)	(23,959)	(15,846)	(106,439)
Net provision movement not resulting from changes in classification	(70,698)	(6,298)	(14,298)	(91,294)
Movements due to change in classification	19,764	(28,941)	(1,807)	(10,984)
Other adjustments	145	37	1,667	1,849
Provision as at December 31, 2023	148,815	19,353	119,277	287,445

Group	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	132,833	54,247	150,753	337,833
New commitments originated or purchased	148,462	30,457	3,609	182,528
Commitments derecognised or transferred into assets	(67,693)	(25,148)	(17,844)	(110,685)
Net provision movement not resulting from changes in classification	(78,746)	(7,073)	(15,116)	(100,935)
Movements due to change in classification	19,394	(30,022)	264	(10,364)
Other adjustments	146	37	1,667	1,850
Provision as at December 31, 2023	154,396	22,498	123,333	300,227

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	4,562	3,925	3,282	11,769
New commitments originated or purchased	10,414	2,059	1,492	13,965
Commitments derecognised or transferred into assets	(1,032)	(1,054)	(1,998)	(4,084)
Net provision movement not resulting from changes in classification	(8,048)	(775)	(818)	(9,641)
Movements due to change in classification	(369)	(1,081)	2,071	621
Provision as at December 31, 2023	5,527	3,074	4,029	12,630
	Non-Retail			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2023	128,092	49,811	157,351	335,254
New commitments originated or purchased	137,834	28,167	2,090	168,091
Commitments derecognised or transferred into assets	(66,489)	(23,580)	(15,845)	(105,914)
Net provision movement not resulting from changes in classification	(70,698)	(6,298)	(14,295)	(91,291)
Movements due to change in classification	19,764	(28,941)	(1,807)	(10,984)
Other adjustments	145	37	41	223
Provision as at December 31, 2023	148,648	19,196	127,535	295,379
	Total			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2023	132,654	53,736	160,633	347,023
New commitments originated or purchased	148,248	30,226	3,582	182,056
Commitments derecognised or transferred into assets	(67,521)	(24,634)	(17,843)	(109,998)
Net provision movement not resulting from changes in classification	(78,746)	(7,073)	(15,113)	(100,932)
Movements due to change in classification	19,395	(30,022)	264	(10,363)
Other adjustments	145	37	41	223
Provision as at December 31, 2023	154,175	22,270	131,564	308,009

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20. Provisions (continued)

The Bank includes in the line Provisions: provisions for litigation in amount of 20,670 as of March 31, 2024 (11,886 as of December 31, 2023), provisions for risks related to banking activity in amount of 1,399 as of March 31, 2024 (1,418 as of December 31, 2023) and other provisions for risks and charges in amount of 9,399 as of March 31, 2024 (12,497 as of December 31, 2023).

The Group includes in the line Provisions: provisions for litigation in amount of 25,664 as of March 31, 2024 (17,004 as of December 31, 2023), provisions for risks related to banking activity in amount of 1,399 as of March 31, 2024 (1,418 as of December 31, 2023) and other provisions for risks and charges in amount of 26,517 as of March 31, 2024 (29,418 as of December 31, 2023).

The movement in Provisions is as follows:

<u>Group</u>	<u>TOTAL</u>
Carrying value as of December 31, 2022	<u>55,618</u>
Additional expenses	33,621
Reversals of provisions	(28,662)
Usage	(12,737)
Carrying value as of December 31, 2023	<u>47,840</u>
Additional expenses	10,024
Reversals of provisions	(490)
Usage	(3,794)
Carrying value as of March 31, 2024 Unaudited	<u>53,580</u>
<u>Bank</u>	
Carrying value as of December 31, 2022	<u>33,149</u>
Additional expenses	13,771
Reversals of provisions	(8,382)
Usage	(12,737)
Carrying value as of December 31, 2023	<u>25,801</u>
Additional expenses	9,683
Reversals of provisions	(222)
Usage	(3,794)
Carrying value as of March 31, 2024 Unaudited	<u>31,468</u>

21. Other liabilities

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Sundry creditors	262,028	272,526	185,241	191,408
Other payables to State budget	143,844	85,030	141,985	84,273
Deferred income	69,314	51,165	69,314	51,165
Payables to employees	127,927	187,689	111,678	166,457
Dividends payable	-	623,185	-	623,185
Creditors - Lease liabilities	350,417	308,752	332,890	290,502
Total	<u>953,530</u>	<u>1,528,347</u>	<u>841,108</u>	<u>1,406,990</u>

Sundry creditors are expected to be settled in no more than twelve months after the reporting period.

According to Law 296/2023, the Romanian Fiscal Code was amended in order to introduce, starting January 1st, 2024, a supplementary tax for credit institutions, i.e. the tax on turnover which is computed as follows: for 2024 and 2025 the tax is 2% from the turnover, while starting 2026 the rate is 1%.

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21. Other liabilities (continued)

The tax is additional to the corporate income tax, it is computed and payable on a quarterly basis and is a non-deductible expense. The line Other payables to State budget includes as at March 31, 2024 the tax on turnover to be paid for Q1 2024 in amount of 30,373.

Payables to employees include, among other, gross bonuses, amounting 56,765 as of March 31, 2024 (December 31, 2023: 109,120) and post-employment benefits amounting 30,650 as of March 31, 2024 (December 31, 2023: 29,389).

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually.

During 2024, the movements in defined benefit obligation is generated by the service cost and benefits paid, resulting in a change of obligation carrying value 30,650 as of March 31, 2024, from 29,389 as of December 31, 2023.

22. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2023: 696,901). Included in the share capital there is an amount of 1,818,721 (2023: 1,818,721) representing hyperinflation restatement surplus.

Share capital as of March 31, 2024 represents 696,901,518 (2023: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2023: RON 1). During 2024 and 2023, the Bank did not buy back any of its own shares.

23. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity. As of March 31, 2024 the Group has a current tax liability in total amount of 65,089 (December 31, 2023: 36,181) and no current tax asset (December 31, 2023: 0) and at Bank level a current tax liability in total amount of 62,620 (December 31, 2023: 35,074) and no current tax asset (December 31, 2023: 0).

The deferred tax liability/asset is reconciled as follows:

	Group			
	March 31, 2024 Unaudited (*)			
	Temporary differences Asset/ (Liability)	Consolidated Statement of Financial Position Asset/ (Liability)	Consolidated Income Statement (Expense)/ Income	Consolidated OCI (Expense)/ Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	64,741	(10,359)	-	-
Financial assets at fair value through other comprehensive income	(1,435,816)	229,730	-	4,128
Tangible and intangible assets	9,991	(1,599)	(592)	-
Provisions and other liabilities	(530,245)	84,840	(10,012)	-
Taxable items	(1,891,329)			
Deferred tax		302,612	(10,604)	4,128

The accompanying notes are an integral part of this financial statements

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23. Taxation (continued)

	Bank			
	March 31, 2024 Unaudited (*)			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	64,741	(10,359)	-	-
Financial assets at fair value through other comprehensive income	(1,435,816)	229,730	-	4,128
Tangible and intangible assets	10,071	(1,611)	(590)	-
Provisions and other liabilities	(500,110)	80,018	(8,912)	-
Taxable items	(1,861,114)			
Deferred tax		297,778	(9,502)	4,128

	Group			
	December 31, 2023			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	64,741	(10,359)	-	1,051
Financial assets at fair value through other comprehensive income	(1,410,015)	225,602	-	(171,884)
Tangible and intangible assets	6,295	(1,007)	(2,571)	-
Provisions and other liabilities	(592,824)	94,852	(13,542)	-
Taxable items	(1,931,803)			
Deferred tax		309,089	(16,113)	(170,833)

	Bank			
	December 31, 2023			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	64,741	(10,359)	-	1,051
Financial assets at fair value through other comprehensive income	(1,410,015)	225,602	-	(171,884)
Tangible and intangible assets	6,383	(1,021)	(2,584)	-
Provisions and other liabilities	(555,809)	88,930	(2,325)	-
Taxable items	(1,894,700)			
Deferred tax		303,152	(4,909)	(170,833)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax asset, net as of December 31, 2022	496,033	478,893
Deferred tax recognized in other comprehensive income	(170,832)	(170,832)
Deferred tax recognized in profit and loss	(16,113)	(4,909)
Deferred tax asset, net as of December 31, 2023	309,089	303,152
Deferred tax recognized in other comprehensive income	4,128	4,128
Deferred tax recognized in profit and loss	(10,604)	(9,502)
Deferred tax asset, net as of March 31, 2024	302,612	297,778

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23. Taxation (continued)

Reconciliation of total tax charge

	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Profit before income tax	400,931	417,885	394,210	399,697
Income tax (16%)	64,149	66,862	63,074	63,952
Fiscal credit and other adjustments	1,458	(1,147)	(421)	(1,235)
Income tax without basis	-	-	-	-
Non-deductible elements	10,618	5,901	9,809	6,021
Non-taxable elements	(1,639)	4,168	(340)	(1,789)
Expense from income tax at effective tax rate	74,586	75,782	72,122	66,950
Effective tax rate	18.6%	18.1%	18.3%	16.8%

Recognition of deferred tax asset is based on the management's profit forecasts, which indicates that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized.

At the Bank level, as of March 31, 2024, permanent non-deductible elements include the impact of provisions for overdue commissions 2,537 (March 31, 2023: 2,809), sponsorship expenses with an impact of 29 (March 31, 2023: 198), debt sales and other operations with limited deductibility in amount of 364 (March 31, 2023: 868) and provision for litigation with an impact of 1,545 (March 31, 2023: 169); permanent non-taxable elements are mainly a result of releases for provisions for overdue commissions in amount of 234 (March 31, 2023: 426), provisions for risks and charges/litigations 139 (March 31, 2023: 114).

24. Interest and similar income

	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest on loans	862,337	752,239	846,849	729,281
Interest on finance lease	35,821	20,734	-	-
Interest on deposit with banks	97,186	52,631	97,036	52,478
Interest on financial assets	167,978	147,233	167,978	147,233
Interest income from hedging instruments	358	-	358	-
Total	1,163,680	972,837	1,112,221	928,992

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 13,303 for Group (2023: 17,331) and 13,111 for Bank (2023: 16,824).

25. Interest and similar expense

	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest on term deposits	252,215	180,465	252,666	180,599
Interest on demand deposits	67,678	41,338	69,468	43,560
Interest on borrowings	101,770	61,914	80,268	48,464
Interest expense on lease liabilities	2,102	1,324	2,044	1,253
Interest expense from hedging instruments	23,698	17,258	23,698	17,258
Total	447,463	302,299	428,144	291,134

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26. Fees and commissions, net

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Services	136,866	136,220	135,500	137,080
Management fees	23,621	28,829	23,621	28,829
Packages	22,362	19,632	22,362	19,632
Transfers	20,128	17,095	20,128	17,095
OTC withdrawal	10,697	12,687	10,697	12,687
Cards	41,193	38,249	41,193	38,249
Brokerage and custody	12,609	10,772	12,608	10,772
Other	6,256	8,956	4,891	9,816
Loan activity	28,349	22,393	21,202	13,739
Off balance sheet	20,900	13,717	20,900	13,717
Total	186,115	172,330	177,602	164,536

27. Gain on derivative and other financial instruments held for trading and foreign exchange

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
FX position revaluation	(26,758)	40,960	(26,758)	40,960
FX Spot	46,081	55,513	45,921	54,847
Gain on instruments held for trading	25,917	27,860	25,571	27,860
Derivative financial instruments	47,265	(33,798)	47,264	(33,798)
Gain on interest rate derivatives	10,531	453	10,531	453
Gain on currency and interest swap	10	669	10	669
Gain/(loss) on forward foreign exchange contracts	30,065	(37,636)	30,065	(37,636)
Gain on currency options	2,674	1,950	2,674	1,950
(Loss) on equity	(989)	(90)	(989)	(90)
Gain on hedging	4,353	0	4,353	0
Other	621	855	620	855
Gain on derivative, other financial instruments held for trading and foreign exchange	92,505	90,534	91,998	89,868

28. Other income/expense from banking activities

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Provision for litigations	(8,785)	(266)	(8,785)	(266)
Held for sale fixed assets expenses	(883)	(542)	-	-
Other income/(expenses)	(2,554)	444	(3,236)	12
Total (expense) from banking activity	(12,222)	(364)	(12,021)	(254)

For the Bank, other income/expense includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals.

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29. Contribution to Guarantee Scheme and Resolution Fund

According to the Romanian legislation (Law no. 311/2015 on Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund), the deposits of individuals and certain entities, including small and medium enterprises and large companies are covered up to EUR 100,000 by the Bank Deposit Guarantee Fund (“Fund”). Each credit institution participating to deposit guarantee scheme shall pay the annual contribution as determined and notified by the Fund. The amount of the contribution refers to the total covered deposits at the end of the previous year and also reflects the degree of risk associated to each credit institution in the scheme.

The degree of risk is determined based on the financial and prudential indicators reported by the credit institutions to the National Bank of Romania. For this purpose, the Bank Deposits Guarantee Fund uses a methodology approved by the National Bank of Romania considering also the guidelines issued by the European Banking Authority.

For the year 2024 the expense related to the Deposit Guarantee Fund is estimated at 16,000 (2023: 16,269).

According to Law no. 312/2015 on recovery and resolution of credit institution and investment firms, each credit institution shall pay an annual contribution to Bank Resolution Fund as determined and notified by the National Bank of Romania.

The National Bank of Romania as the local resolution authority establish the credit institutions annual contributions to Bank Resolution Fund, in compliance with Commission Delegated Regulation EU 2015/63, supplementing Directive 2014/59 of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements.

For the year 2024 the expense related to the Bank Resolution Fund is estimated at 27,100 (2023: 51,953).

Both contributions to the Bank Deposit Guarantee Fund and Bank Resolution Fund meet the criteria for recognition as taxes and accounted in accordance with IFRIC 21 “Levies” requirements. The liability is recognized at the date when the obligating event occurs and the contribution is recognized as an expense in full on 1st of January of the year in which the payment is made.

30. Personnel expenses

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Salaries	227,108	203,115	216,623	191,617
Social security	6,165	5,326	5,833	5,173
Bonuses	17,500	15,900	17,500	15,900
Post-employment benefits	1,391	1,066	1,391	1,066
Capitalisation of internal projects	(13,309)	(8,722)	(13,309)	(8,722)
Other	5,823	7,195	5,482	7,435
Total	244,678	223,879	233,520	212,469

In 2024, the expense related to the Bank defined benefit contribution plan was 563 (2023: 602).

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31. Depreciation, amortization and impairment on tangible and intangible assets

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Depreciation and impairment	47,220	44,423	46,265	43,536
Amortisation	21,874	15,506	21,590	15,318
Total	69,094	59,929	67,855	58,854

The difference as of March 31, 2024 between the amount presented in Note 11 and the amount presented in Note 31 represents depreciation of investment property in total amount of 114 and impairment of investment property in amount of -92 (March 31, 2023: 112 depreciation of investment property and no impairment).

32. Other operating expenses

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Administrative expenses	121,485	124,093	117,752	119,075
Publicity and sponsorships	3,725	3,816	3,669	3,740
Other expenses	17,063	20,514	14,719	16,691
Tax on turnover	30,373	-	30,373	-
Total	172,646	148,423	166,513	139,506

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 1,094 (March 31, 2023: 1,204) and to leases of low-value assets of 1,025 (March 31, 2023: 1,044).

According to Law 296 /2023, the Romanian Fiscal Code was amended in order to introduce, starting January 1st, 2024, a supplementary tax for credit institutions, i.e. the tax on turnover which is computed as follows: for 2024 and 2025 the tax is 2% from the turnover, while starting 2026 the rate is 1%.

The tax is additional to the corporate income tax, it is computed and payable on a quarterly basis and is a non-deductible expense. The line Tax on turnover as at March 31, 2024 represents the tax to be paid for Q1 2024 in amount of 30,373.

33. Cost of risk

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Net impairment allowance for loans	83,995	33,269	69,893	32,898
Net impairment allowance for sundry debtors	16,541	20,528	14,058	16,411
Net impairment allowance for finance lease	2,226	(957)	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(25,635)	(37,289)	(22,235)	(34,696)
Write-offs	2,970	1,500	831	842
Financial guarantee and loan contracts provisions	(25,740)	(7,627)	(26,083)	(8,420)
Net impairment allowance for debt securities	(94)	25	(94)	25
Total	54,263	9,448	36,370	7,060

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34. Earnings per share

Basic earnings per share are calculated by dividing net profit/(loss) for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of March 31, 2024 and March 31, 2023 there were no dilutive equity instruments issued by the Group and Bank.

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	324,183	337,236	322,088	332,747
Earnings per share (in RON)	0.4652	0.4839	0.4622	0.4775

35. Cash and cash equivalents details

Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short term placements at other banks.

The amounts in transit in amount of 378,242 (December 31, 2023: 469,953), bonds and reverse repo in total amount of 1,632,454 (December 31, 2023: 1,028,085), loans to banks, with more than 90 days maturity from the date of acquisition in amount of 15,516 (December 31, 2023: 15,365) for the Group are excluded. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31,	December 31,	March 31,	December 31,
	2024	2023	2024	2023
Cash in vaults and ATM	2,228,467	2,522,178	2,228,386	2,522,106
Sight deposits with NBR	2,471,235	-	2,471,235	-
Current accounts and placements with banks	5,336,889	4,615,937	5,336,887	4,615,937
Total	10,036,591	7,138,115	10,036,508	7,138,043

Impairment and provisions adjustment for non-cash items:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net impairment allowance for loans	83,995	33,269	69,893	32,898
Net impairment allowance for sundry debtors	16,541	20,528	14,058	16,411
Net impairment allowance for financial leases	2,226	(957)	-	-
Write-offs	2,970	1,500	831	842
Financial guarantee and loan contracts provisions	(25,740)	(7,627)	(26,083)	(8,420)
Net movement in other provisions	5,740	(2,199)	5,667	(7,553)
Net impairment allowance for debt securities	(94)	25	(94)	25
Total	85,638	44,538	64,272	34,203

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36. Guarantees and other credit commitments

Guarantees and letters of credit

The Group and Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations (delivery of goods, documents submitting, etc.) to third parties with which it entered previously into a contractual relationship, carry a similar credit risk as loans once they are executed.

The market and credit risks on these financial instruments, as well as the operational risk are similar to those arising from granting of loans. In the event of a claim on the Group and Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group and Bank.

Credit related commitments

Financing commitments represent unused amounts of approved credit facilities.

The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

BRD-Groupe Société Générale and International Finance Corporation (“IFC”), a member of the World Bank Group, have closed in Q1 2024 a landmark synthetic significant risk transfer (SRT) transaction that will free up capital for BRD to boost the financing of impactful sustainability-related projects in Romania. The transaction was closed between BRD and IFC on a reference portfolio of EUR 700 million, being representative of BRD core corporate activities with good diversification across industries, and product types. For this transaction BRD purchased a EUR 105 million financial guarantee which takes the form of a bilateral unfunded financial guarantee between IFC and BRD and was presented on line Letters of guarantee received:

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Letters of guarantee granted	6,330,921	6,929,469	6,341,995	6,939,810
Financing commitments granted	6,289,951	6,923,587	6,224,993	6,868,776
Total commitments granted	12,620,872	13,853,056	12,566,988	13,808,586
Uncommitted facilities granted	12,791,718	11,600,816	12,834,366	11,641,240
Letters of guarantee received	29,357,277	28,441,140	29,357,277	28,441,140
Total commitments received	29,357,277	28,441,140	29,357,277	28,441,140

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37. Other commitments

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Tangible non-current assets	20,792	28,269	20,792	28,269
Intangible non-current assets	40,434	79,793	40,434	79,793
Commitments relating to short-term and low value leases	13,610	24,952	13,610	24,952
Total	74,836	133,014	74,836	133,014

The other commitments presented above include short term and low value leases, software maintenance contracts and other IT services.

As of March 31, 2024 and December 31, 2023 the future minimum lease payments regarding operating leases (rents) concluded by the Group and Bank as a lessee are:

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Less than one year	7,537	12,545	7,537	12,545
Between one and five years	4,493	9,769	4,493	9,769
More than five years	60	69	60	69
Total	12,089	22,383	12,089	22,383

As of March 31, 2024 and December 31, 2023, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	Group		Bank	
	Unaudited (*) March 31, 2024	December 31, 2023	Unaudited (*) March 31, 2024	December 31, 2023
Less than one year	854	1,641	854	1,641
Between one and five years	350	324	350	324
More than five years	23	41	23	41
Total	1,227	2,006	1,227	2,006

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38. Related parties

The Group entered into related party transactions with its parent, other SG entities, subsidiaries, associates and joint venture and key management personnel. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with subsidiaries were eliminated for consolidation purposes. The transactions/balances with related parties can be summarized as follows:

	Group							
	2024				2023			
	Parent	Other related parties	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Associates & Joint ventures	Key management of the institution
Assets	2,029,101	92,471	25,785	2,776	3,295,712	34,603	25,891	2,879
Nostro accounts	93,214	78	-	-	113,766	407	-	-
Deposits	1,691,712	-	-	-	2,919,555	-	-	-
Loans	-	92,291	22,633	2,776	-	34,058	23,655	2,879
Derivative financial instruments	65,609	0	-	-	57,482	(0)	-	-
Other assets	178,566	102	3,152	0	204,909	138	2,236	-
Liabilities	8,580,303	210,232	45,889	11,219	8,651,529	218,233	37,312	6,993
Loro accounts	1,082	1,585	-	-	28,833	13,530	-	-
Deposits and amounts in transit	378,242	196,472	36,809	11,219	55,072	178,941	28,062	6,991
Borrowings	6,678,298	-	-	-	6,648,564	-	-	-
Subordinated borrowings	1,244,467	-	-	-	1,245,400	-	-	-
Lease payable	-	11,237	-	-	-	11,221	-	-
Derivative financial instruments	228,509	0	-	-	244,002	10,601	-	-
Other liabilities	49,705	938	9,080	-	429,658	3,939	9,250	1
Commitments	7,954,971	194,892	10,000	298	7,511,480	252,581	45,000	273
Total commitments granted	235,054	124,749	-	298	250,611	144,673	-	273
Total commitments received	235,054	53,026	-	-	243,732	53,388	35,000	-
Uncommitted facilities granted	37,982	17,117	10,000	-	37,985	54,520	10,000	-
Notional amount of foreign exchange transactions	3,473,345	-	-	-	2,568,922	-	-	-
Notional amount of interest rate derivatives	3,973,536	-	-	-	4,410,230	-	-	-
Income statement	(74,241)	1,054	(18,509)	(13)	(62,636)	(567)	(13,423)	258
Interest and commission revenues	24,124	2,780	8,731	40	13,717	2,210	8,444	312
Interest and commission expenses	(123,521)	(1,077)	(9,963)	(39)	(61,483)	(1,279)	(6,019)	(40)
Net gain/(loss) on interest rate derivatives	28,766	-	-	-	(597)	-	-	-
Net gain/(loss) on foreign exchange derivatives	5,596	(19)	-	-	(3,971)	-	-	-
Other incomes	(1)	8	19	-	6	0	19	-
Other expenses	(9,204)	(638)	(17,297)	(14)	(10,308)	(1,497)	(15,867)	(14)

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38. Related parties (continued)

	Bank									
	2024					2023				
	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution
Assets	2,013,571	92,471	5,039	23,428	2,776	3,280,317	34,603	6,842	23,982	2,879
Nostro accounts	93,214	78	-	-	-	113,766	407	-	-	-
Deposits	1,676,196	-	-	-	-	2,904,190	-	-	-	-
Loans	-	92,291	2,689	22,633	2,776	-	34,058	4,943	23,655	2,879
Derivative financial instruments	65,609	0	30	-	-	57,482	(0)	(0)	-	-
Other assets	178,553	102	2,320	795	0	204,880	138	1,900	327	-
Liabilities	6,740,810	210,218	189,839	45,759	11,219	6,831,077	217,895	239,964	37,312	6,993
Loro accounts	1,082	1,585	-	-	-	28,833	13,530	-	-	-
Deposits and amounts in transit	378,242	196,472	187,295	36,809	11,219	55,072	178,941	237,216	28,062	6,991
Borrowings	4,841,051	-	2,457	-	-	4,830,840	-	2,636	-	-
Subordinated borrowings	1,244,467	-	-	-	-	1,245,400	-	-	-	-
Lease payable	-	11,237	-	-	-	-	10,964	-	-	-
Derivative financial instruments	228,509	0	-	-	-	244,002	10,601	-	-	-
Other liabilities	47,459	924	87	8,950	-	426,930	3,859	113	9,250	1
Commitments	7,954,971	194,892	73,600	10,000	298	7,511,480	252,581	51,630	45,000	273
Total commitments granted	235,054	124,749	11,074	-	298	250,611	144,673	11,206	-	273
Total commitments received	235,054	53,026	-	-	-	243,732	53,388	-	35,000	-
Uncommitted facilities granted	37,982	17,117	42,648	10,000	-	37,985	54,520	40,424	10,000	-
Notional amount of foreign exchange transactions	3,473,345	-	19,878	-	-	2,568,922	-	-	-	-
Notional amount of interest rate derivatives	3,973,536	-	-	-	-	4,410,230	-	-	-	-
Income statement	(56,356)	1,310	1,865	(19,597)	(13)	(50,123)	(426)	3,907	(15,298)	258
Interest and commission revenues	24,124	2,780	4,033	7,630	40	13,563	2,083	4,975	6,570	312
Interest and commission expenses	(105,802)	(1,077)	(2,241)	(9,963)	(39)	(49,098)	(1,279)	(2,357)	(6,019)	(40)
Net gain/(loss) on interest rate derivatives	28,766	-	-	-	-	(597)	-	-	-	-
Net gain/(loss) on foreign exchange derivatives	5,596	(19)	43	-	-	(3,971)	-	6	-	-
Other incomes	(1)	8	(4)	-	-	6	0	58	-	-
Other expenses	(9,038)	(382)	33	(17,265)	(14)	(10,026)	(1,230)	1,226	(15,848)	(14)

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38. Related parties (continued)

Other liabilities and other expenses include corporate and technical assistance with Société Générale Paris. Other liabilities does not include any amount representing dividends to be paid to Société Générale Paris as of March 31, 2024, dividends were already paid at the beginning of 2024 (December 31, 2023: 386,860).

The Bank has granted to SG Paris collaterals regarding derivative instruments in total amount of 178,492 at March 31, 2024 (December 31, 2023: 201,869).

As of March 31, 2024 the Board of Directors and Managing Committee members own 21,030 shares (December 31, 2023: 21,030).

39. Contingencies

As of March 31, 2024 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 84,484 (December 31, 2023: 80,404). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance. The Bank already booked a provision of 20,670 (December 31, 2023: 11,886) and the Group 25,664 (December 31, 2023: 17,004) in relation with the litigations.

Competition Council

During the year ended December 31, 2023, the Bank (together with other banks) was subject of two investigations by the Competition Council:

- First investigation was launched ad-hoc in October 2022 and concerns a potential infringement of the completion regulations regarding the fixing of reference ROBOR rates. The investigation is still in the preliminary phase at the date of issue of these financial statements and no report has been delivered.
- Second investigation was launched in July 2023 and concerns the activity of the Credit Bureau and, more specifically, how usage of the FICO scoring is influenced by the number of banks' interrogations with the Credit Bureau. The investigation is also in its early phases and the Bank has not received yet a request of information from the Competition Council.

If applicable, in case of a negative outcome of the above investigations, the Competition Law 21/1996 provisions become applicable (i.e. subject to individualization, depending on gravity, length and potential mitigating and aggravating circumstances, the related fine might range between 0.5% and 10% from the turnover in the year prior to the sanction).

However, considering that:

- based on current info as of today, no specific element of non-compliance with competition law has been identified by the Bank,
- the investigation is in an incipient stage and no report has been issued by the Competition Council,

the Bank concludes that the risk is low and remote and therefore no provision should be recognized as at March 31, 2024.

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39. Contingencies (continued)

National Agency for Consumer Protection (“ANPC”)

During 2023, ANPC launched an investigation on a large number of banks concerning the observed most employed method of reimbursement schedule computation (i.e. equal instalments). The Bank was fined with 50 000 RON for deceiving marketing practice and received an ANPC order to stop these practices. The Bank launched a series of Court actions concerning both the fine and the order. At this point in time the ANPC Order is suspended and the actions follow their legal course.

Considering the status of the all above actions, the Bank assesses that as of March 31, 2024 and December 31, 2023, the criteria for booking a provision or a contingent liability are not met.

40. Fair value

Determination of fair value and fair value hierarchy

To determine and disclose the fair value hierarchy of the financial instruments, the Group follows the three-level classification of the inputs to valuation techniques used to measure fair value:

- **Level 1: quoted (unadjusted) prices** in active markets for identical assets or liabilities;
Level 1 instruments contain the government bonds, priced directly by external counterparties on various dealing platforms (Bloomberg, Reuters etc.);
- **Level 2: other inputs** than those quoted prices included within Level 1, **that are observable** for that particular asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
Level 2 instruments include in particular securities that cannot directly be quoted on the market (e.g. corporate bonds) and firm derivatives, with standard features and common maturities, whose value can be retrieved or derived from market data;
- **Level 3:** inputs that are not based on observable market data (**unobservable inputs**).
Level 3 instruments include options traded over-the-counter and other derivatives with specifically-tailored return profiles and/or maturities extended over the normal spectrum;

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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40. Fair value (continued)

	Group				Bank			
	March 31, 2024 Unaudited (*)				March 31, 2024 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	30,462	-	30,462	-	30,462	-	30,462
Currency swaps	-	13,975	-	13,975	-	13,975	-	13,975
Forward foreign exchange contracts	-	5,870	-	5,870	-	5,900	-	5,900
Options	-	-	46,121	46,121	-	-	46,121	46,121
	-	50,307	46,121	96,428	-	50,337	46,121	96,458
Financial assets at fair value through other comprehensive income	13,368,563	-	-	13,368,563	13,368,563	-	-	13,368,563
Equity investments (listed)	7,320	-	-	7,320	7,320	-	-	7,320
Equity investments (not listed)	-	-	3,979	3,979	-	-	3,979	3,979
Total	13,375,883	-	3,979	13,379,862	13,375,883	-	3,979	13,379,862
Other financial instruments held for trading	1,320,900	766,035	-	2,086,935	1,300,496	766,035	-	2,066,531
Total	14,696,783	816,342	50,100	15,563,225	14,676,379	816,372	50,100	15,542,851
Assets for which fair value is disclosed								
Cash and due from Central Bank	9,729,927	-	-	9,729,927	9,729,846	-	-	9,729,846
Due from banks	-	7,363,101	-	7,363,101	-	7,347,583	-	7,347,583
Loans and advances to customers	-	-	42,083,335	42,083,335	-	-	41,689,504	41,689,504
Treasury bills at amortised cost	5,245,699	-	-	5,245,699	5,245,699	-	-	5,245,699
Financial lease receivables	-	-	1,752,946	1,752,946	-	-	-	-
Assets held for sale	-	-	168,956	168,956	-	-	-	-
Total	14,975,626	7,363,101	44,005,237	66,343,965	14,975,545	7,347,583	41,689,504	64,012,632

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40. Fair value (continued)

	Group				Bank			
	March 31, 2024 Unaudited (*)				March 31, 2024 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	240,672	-	240,672	-	240,672	-	240,672
Currency swaps	-	10,717	-	10,717	-	10,717	-	10,717
Forward foreign exchange contracts	-	3,084	-	3,084	-	3,084	-	3,084
Options	-	-	46,174	46,174	-	-	46,174	46,174
Total	-	254,473	46,174	300,647	-	254,473	46,174	300,647
Other financial instruments held for trading	586,932	178,562	-	765,494	586,932	178,562	-	765,494
Total	586,932	433,035	46,174	1,066,141	586,932	433,035	46,174	1,066,141
Liabilities for which fair value is disclosed								
Due to banks	-	1,406,418	-	1,406,418	-	1,406,418	-	1,406,418
Due to customers	-	62,986,428	-	62,986,428	-	63,172,898	-	63,172,898
Borrowed funds	-	7,003,913	-	7,003,913	-	4,844,130	-	4,844,130
Subordinated debts	-	1,244,467	-	1,244,467	-	1,244,467	-	1,244,467
Total	-	72,641,226	-	72,641,226	-	70,667,913	-	70,667,913

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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(Amounts in thousands RON)

40. Fair value (continued)

	Group				Bank			
	December 31, 2023				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	27,661	-	27,661	-	27,661	-	27,661
Currency swaps	-	12,587	-	12,587	-	12,587	-	12,587
Forward foreign exchange contracts	-	3,177	-	3,177	-	3,177	-	3,177
Options	-	-	43,858	43,858	-	-	43,858	43,858
	-	43,425	43,858	87,283	-	43,425	43,858	87,283
Financial assets at fair value through other comprehensive income	13,429,670	-	-	13,429,670	13,429,670	-	-	13,429,670
Equity investments (listed)	7,456	-	-	7,456	7,456	-	-	7,456
Equity investments (not listed)	-	-	3,919	3,919	-	-	3,919	3,919
Total	13,437,126	-	3,919	13,441,046	13,437,126	-	3,919	13,441,046
Other financial instruments held for trading	1,219,076	829,350	-	2,048,426	1,194,028	829,350	-	2,023,378
Total	14,656,202	872,775	47,777	15,576,755	14,631,154	872,775	47,777	15,551,707
Assets for which fair value is disclosed								
Cash and due from Central Bank	11,778,215	-	-	11,778,215	11,778,143	-	-	11,778,143
Due from banks	-	6,129,340	-	6,129,340	-	6,113,975	-	6,113,975
Loans and advances to customers	-	-	40,980,878	40,980,878	-	-	40,574,832	40,574,832
Treasury bills at amortised cost	5,275,613	-	-	5,275,613	5,275,613	-	-	5,275,613
Financial lease receivables	-	-	1,673,622	1,673,622	-	-	-	-
Assets held for sale	-	-	199,535	199,535	-	-	-	-
Total	17,053,828	6,129,340	42,854,034	66,037,202	17,053,756	6,113,975	40,574,832	63,742,563

The accompanying notes are an integral part of this financial statements

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40. Fair value (continued)

	Group				Bank			
	December 31, 2023				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	253,207	-	253,207	-	253,207	-	253,207
Currency swaps	-	35,016	-	35,016	-	35,016	-	35,016
Forward foreign exchange contracts	-	3,537	-	3,537	-	3,537	-	3,537
Options	-	-	44,011	44,011	-	-	44,011	44,011
Total	-	291,760	44,011	335,771	-	291,760	44,011	335,771
Other financial instruments held for trading	522,637	414,042	-	936,679	522,637	414,042	-	936,679
Total	522,637	705,802	44,011	1,272,450	522,637	705,802	44,011	1,272,450
Liabilities for which fair value is disclosed								
Due to banks	-	1,146,540	-	1,146,540	-	1,146,540	-	1,146,540
Due to customers	-	62,424,534	-	62,424,534	-	62,660,775	-	62,660,775
Borrowed funds	-	7,004,362	-	7,004,362	-	4,834,225	-	4,834,225
Subordinated debts	-	1,245,400	-	1,245,400	-	1,245,400	-	1,245,400
Total	-	71,820,836	-	71,820,836	-	69,886,940	-	69,886,940

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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40. Fair value (continued)

Financial instruments measured at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Treasury notes are represented by treasury bills and bonds and are classified as financial assets at fair value through other comprehensive income or financial instruments held for trading measured at fair value through profit and loss, being measured using a valuation technique based on market quotes published by Bloomberg or by Reuters (market approach).

Derivatives

The fair value of the derivatives is determined using valuation techniques commonly known on the market, such as discounted cash flows for swaps or Black-Sholes formula for options.

Firm derivatives – interest rate swaps, currency swaps and forward foreign exchange contracts are the main derivative products measured using as valuation technique the income approach (discounting cash flows) and incorporating observable inputs from market (foreign exchange spot rate, forward rates, interest rate rates, futures), both directly observable ones (explicit parameters) and indirectly observable ones.

The directly observable parameters are variables that come directly from the market and are presumed to be easily available, accessible to each market participant. The main explicit parameters used in valuation of firm financial instruments are interbank fixing FX rates published by NBR, interbank swap points, interbank bid/ask interest rates, futures quotes on EUR and USD. Implicit parameters are variables obtained through standard intermediary calculation, using market prices for relevant financial instruments. The yield curves designated at the level of each product and currency are fed with explicit parameters according to the pre-set configuration, facilitating the computation of implicit parameters used in computing the fair value such as Zero-coupons, Discount Factors and Forward Interest Rates.

Conditional derivatives - FX options, interest rate options and equity options are valued daily, using the mark-to-model approach. The model is calibrated to derive the value of the option based on the current market conditions (spot rates) and the future values presumed to be attained by the underlying (forward exchange rates, FRAs etc.), integrating in the calculation the standard option-sensitivities (delta, gamma, vega, theta), along with information regarding the size of the positions and the liquidity of the instrument. The fair value is determined through SG's computation module, the values of the specific parameters being daily retrieved from the market and stored in the database, serving as direct input in the daily final formula or further used for the statistical calculation implied by the valuation process.

BRD manages the group of these financial assets and liabilities (options) on the basis of the entity's net exposure to a particular market risk (foreign exchange, interest rate, price risk) and, according to the trading book policy in place, BRD assumes no residual market risk induced by option-trading. Any bought option is perfectly matched on the same day with a sold option, identical in terms of option type, underlying, exercise prices, maturity. The perfect back-to-back system is subject to daily controls performed at back-office level, to ensure that no mismatch occurred and there is no residual open position on options. Therefore, the impact of a specific change on the estimated value on one non-observable parameter used on the valuation of an option classified/accounted as financial asset is offset by same specific change on estimated value of the same non-observable parameter on the valuation of the mirror-replicated option classified/accounted as financial liability.

BRD – Groupe Société Générale S.A.
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40. Fair value (continued)

Equities

These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

The fair value of equity instruments not listed classified as of fair value through profit and loss and consisting of ordinary shares of other entities is determined by using the net assets of the entities as of the end of the last closed reporting period. The entities net assets represent the best estimation of the current replacement cost that would be paid in order to replace the holding as it consists of the initial capital investment adjusted by the financial performance of the entity.

Fair value of financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Group and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

For deposits with banks amortized cost is estimated to approximate fair value due to their short-term nature, interest rates reflecting current market conditions and no significant transaction costs.

For loans and lease receivables the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and similar time horizons.

Financial liabilities

The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and customers and with similar time horizons.

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40. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

	Group				Bank			
	March 31, 2024 Unaudited (*)		December 31, 2023		March 31, 2024 Unaudited (*)		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash and due from Central Bank	9,729,927	9,729,927	11,778,215	11,778,215	9,729,846	9,729,846	11,778,143	11,778,143
Due from banks	7,363,101	7,363,101	6,129,340	6,129,340	7,347,583	7,347,583	6,113,975	6,113,975
Loans and advances to customers	41,641,033	42,083,335	40,613,391	40,980,878	41,242,916	41,689,504	40,201,690	40,574,832
Treasury bills at amortised cost	5,226,238	5,245,699	5,182,430	5,275,613	5,226,238	5,245,699	5,182,430	5,275,613
Financial lease receivables	1,769,813	1,752,946	1,691,734	1,673,622	-	-	-	-
Assets held for sale	173,191	168,956	209,886	199,535	-	-	-	-
Total	65,903,303	66,343,965	65,604,996	66,037,202	63,546,583	64,012,632	63,276,238	63,742,563
Financial liabilities								
Due to banks	1,406,418	1,406,418	1,146,540	1,146,540	1,406,418	1,406,418	1,146,540	1,146,540
Due to customers	62,953,579	62,986,428	62,405,609	62,424,534	63,139,953	63,172,898	62,641,838	62,660,775
Borrowed funds	7,003,913	7,003,913	7,004,362	7,004,362	4,844,130	4,844,130	4,834,225	4,834,225
Subordinated debts	1,244,467	1,244,467	1,245,400	1,245,400	1,244,467	1,244,467	1,245,400	1,245,400
Total	72,608,377	72,641,226	71,801,911	71,820,836	70,634,968	70,667,913	69,868,003	69,886,940

The accompanying notes are an integral part of this financial statements

BRD – Groupe Société Générale S.A.
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40. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.

The transfers between levels of fair value hierarchy are deemed to have occurred the date of the event or change in circumstances that caused the transfer, but not later than the end of the reporting period.

Movement in level 3:

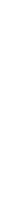
Fair value of equity investments not listed is estimated based on net assets of the investments.

	Equity investments (not listed)	Options (A)	Options (L)
Closing balance as at December 31, 2022	4,120	65,609	65,645
Acquisitions	-	8,001	8,001
Sales	-	(296)	(296)
Reimbursements	-	(6,144)	(6,144)
Gain losses from change in fair value	(201)	(23,312)	(23,195)
Closing balance as at December 31, 2023	3,919	43,858	44,011
Acquisitions	347	5,418	5,418
Sales	(286)	(68)	(68)
Reimbursements	-	(4,013)	(4,013)
Gains/losses from change in fair value	-	926	826
Closing balance as at March 31, 2024 Unaudited	3,979	46,121	46,174

41. Subsequent events

No subsequent event was identified after the reporting date.

Quarterly Report



March 31, 2024



according to Financial Supervisory Authority Regulation
no 5/2018

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1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale (“BRD” or “the Bank”) was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State, by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale (“SG”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at March 31, 2024, SG was holding 60.17% of the share capital.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies’ legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office:** 1-7 Blvd. Ion Mihalache, sect. 1, Bucharest
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696,901,518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at March 31, 2024, the Bank had the following ratings:

Fitch (last rating update: December-2023*)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+

Moody's (last rating update: September-2023**)	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

* Fitch affirmed LT IDR at 'BBB+' with Stable Outlook

** Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Oct. 2021 and changed the outlook to stable from negative. On the last update of credit analysis, as of Sep 2023 end, rating and outlook remained unchanged.

BRD GROUP („GROUP”) consolidates the following entities:

- BRD - Groupe Société Générale SA;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA.

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its registered office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, and aims to be the trusted partner for its clients, committed to the positive transformations of the world.

Active in the real economy for over 160 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has more than 126,000 members of staff in 65 countries and supports on a daily basis around 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions.

The Group runs three complementary sets of businesses, embedding ESG offerings for all its clients:

- *French Retail Banking*, with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital Bank Boursorama.
- *Global Banking and Investor Solutions*, a top tier wholesale bank offering tailored-made solutions with distinctive global leadership in Equity Derivatives, Structured Finance and ESG.
- *International Retail, Mobility & Leasing Services*, comprising well-established universal banks (in Czech Republic, Romania and several African countries), and ALD / LeasePlan, a global player in sustainable mobility.

The latest credit ratings of Société Générale are available at

<https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings>

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Romana pentru Dezvoltare and acquires 51% of the Bank's share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the *International Retail, Mobility & Leasing Services* (MIBS) that aims to offer a broad range of products and services to individuals, professionals and corporates. International Retail, Mobility and Leasing Services are building their networks in Africa, Central and Eastern Europe, comprising well-established universal banks (in Czech Republic, Romania and several African countries), Ayvens (the new ALD | LeasePlan brand), a global player in sustainable mobility, as well as specialized financing activities.

KEY FIGURES

		3 months to 31-Mar-2023	3 months to 31-Mar-2024	Change
	The Group			
Financial results	Net banking income (RONm)	935	985	+5.3%
	Operating expenses (RONm)	(508)	(529)	+4.2%
	Cost of risk (RONm)	(9)	(54)	5.7x
	Net profit (RONm)	342	326	-4.6%
	Cost / income ratio	54.3%	53.8%	-0.5 pt
	ROE	18.8%	14.5%	-4.3 pt
	RON bn	Mar-23	Mar-24	Change
Loans and deposits	Total net loans (incl. leasing)	38.7	43.4	+12.3%
	Total deposits	55.6	63.0	+13.3%
	The Bank			
Financial results	Net banking income (RONm)	893	942	+5.4%
	Operating expenses (RONm)	(487)	(511)	+5.0%
	Cost of risk (RONm)	(7)	(36)	5.2x
	Net profit (RONm)	333	322	-3.2%
	Cost / income ratio	54.5%	54.3%	-0.2 pt
	ROE	19.3%	15.0%	-4.3 pt
	RON bn	Mar-23	Mar-24	Change
Loans and deposits	Total net loans	36.4	41.2	+13.2%
	Total deposits	55.8	63.1	+13.2%
	RON m	Mar-23	Mar-24	Change
Capital adequacy	Own funds (RONm)	7,346	8,066	+9.8%
	RWA (RON bn)	33,559	33,513	-0.1%
	CAR*	21.9%	24.1%	+2.2 pt
Franchise	No of branches	451	391	(60)

Notes:

* CAR for Mar-24 is preliminary (own funds include 50% of 2023 profit)

As of March 31, 2024 BRD Finance IFN SA is in a process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of March 31, 2024 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

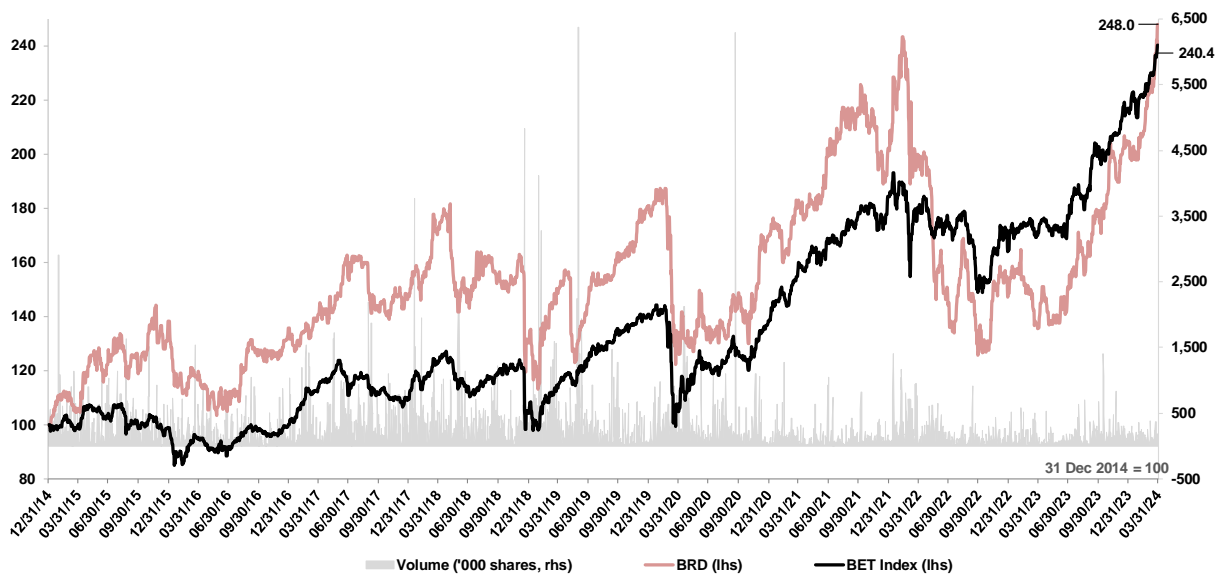
BRD SHARE

Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders („AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at March 31, 2024, was of RON 21.70 /share (RON 17.92 /share at December 31, 2023 and RON 11.88 /share at March 31, 2023). On the same date, the market capitalization was RON 15,122.76 million (RON 12,488.48 million at December 31, 2023 and RON 8,279.19 million at March 31, 2023).

During January – March 2024, neither the Bank, nor its subsidiaries bought back own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – March 31, 2024



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

Economic growth lost momentum, both domestically and abroad, in the face of elevated inflation, costlier financing (subsequently debt servicing) and the setback in world trade. Nevertheless, Romania sustained its position as one of the most rapidly advancing economies within the European Union, with a GDP growth rate of 2.1% in 2023 (down from the 4.1% growth in 2022).

In 2023, a noteworthy development emerged, as investment, backed by EU funds, assumed the role of primary driver for economic growth, displacing consumption. Investment activity is primarily centred on large-scale infrastructure ventures, with a particular emphasis on road transport and local utility networks, alongside efforts to enhance renewable energy production capacity.

According to IMF's latest report, Romania's GDP is expected to reach 2.8% in 2024 (lower from 3.8%, the previous estimate in October 2023) and then to accelerate in 2025 to 3.6%. Additionally, in accordance with the European Commission's most recent Economic Forecast report, it is anticipated that Romania's GDP will achieve growth rates of 2.9% in 2024 and 3.2% in 2025.

On a medium to longer run, the National Recovery and Resilience Plan remains a strong catalyst for Romanian economy. Regarding allocation, as amended by the Council Implementing Decision of Dec 11, 2023, PNRR stands at EUR 28.5 bn (EUR 14.9 bn in loans, EUR 13.6 bn in grants) covering 66 reforms and 111 investments (177 measures), structured around 16 components. In December 2023, Romania sent the third payment request to the European Commission, worth EUR 2.7 bn (EUR 1.9 bn grants and EUR 0.8 bn loans), adding to the EUR 9.1 bn received so far. The request is currently being assessed by the European Commission.

Regarding inflation, the level for Euro area inflation decreased to 2.4% in March 2024, while strong price increases were still registered in the CEE region: Estonia (4.1%), Hungary (3.6%) and Slovenia (3.4%).

After experiencing an initial surge at the beginning of the year, domestic inflation reverted in March 2024 to its end-2023 level of 6.6%. Romania's inflation surpasses that of peer countries for various reasons, including the effects of tax reforms implemented at the start of the year, the robust performance of the Romanian economy resulting in stronger inflationary pressures arising from the demand side, and unique characteristics pertaining to the composition of the domestic consumption basket.

Although decreasing, the inflation rate in Romania remains well above the upper bound of the NBR target range (2.5% ± 1 ppt). The estimated inflation rate, according to NBR latest Report on inflation, stands at 4.7% for Q4 2024 and 3.5% for Q4 2025, while as per IMF's latest report, Romania's inflation is expected to reach 5.8% in average in 2024 and to slow down to 4% in average in 2025. European Commission estimates Romania's inflation at 5.8% in 2024 and 3.6% in 2025.

Regarding monetary policy, after successive key rate increases since the start of the tightening cycle in October 2021, with 575 bps in total (from 1.25% in August 2021 to 6.75% in November 2022), at the beginning of 2023, NBR indicated the end of the rate hiking cycle with an increase of 25 bps to 7%, in line with market expectations. With still high core inflation, the road bump in fiscal consolidation path and short-term wage pressures, NBR continued to refrain from commencing easing rate cycle, maintaining the key rate steady at 7% during subsequent monetary policy meetings in 2023 and also during Q1 2024.

In terms of banking activity, the annual growth rate of gross loans outstanding reached +7.3%* YoY at February 2024 end, recovering by more than double in annual pace of growth vs summer 2023 months, largely sustained by corporates (+11.0%* YoY). Loans to individuals reversed the negative performance from June – September 2023, with its annual dynamic re-entering into positive territory and improving in the first two months of 2024 (+2.5% YoY at February 2024 end, from -0.1% YoY at September 2023 end and +1.3% YoY at December 2023 end), mainly on favourable evolution for consumer loans, which maintained a positive and increasing growth rate, reaching +6.3%* YoY at February 2024 end (+1.5%* YoY at August 2023 end). Housing loans presented a weak, but improving performance, up by +0.1%* YoY at February 2024 end, from -0.5%* YoY at December 2023 end and -1.2%* YoY at September 2023 end.

Deposits regained momentum towards the end of 2023 and maintained it in the first two months of the year, with growth rate reaching +6.1%* YoY at February 2024 end, from +6.0%* YoY at December 2023, and 3.3%* at August 2023 end, with individuals and companies RON savings on a high growth, while FX component remained within the negative territory in terms of dynamic, slightly reducing, however, its contraction pace.

Relating to asset quality, the Romanian banking sector remains classified into EBA defined low risk bucket with a level of NPL (non-performing loans) ratio <3% and NPL coverage ratio > 55%. As at February 2024 end, NPL ratio increased marginally to the level of 2.39% (vs. 2.33% at December 2023 end). NPL coverage ratio stood high at 65.5% at December 2023 end (vs. 65.4% at December 2022 end).

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 22.51% as of December 2023 end (23.40% as of December 2022 end), remaining above EU average (19.9% at December 2023 end). The contraction compared to December 2022 end was mainly driven by the fading effects of CRR “quick-fix” adjustments and higher RWA on dynamic lending, partially compensated by profit retention, given the regulatory recommendation.

As regards liquidity, the banking system has also a comfortable position, with a Liquidity Coverage Ratio of 290% as of February 2024 end (281% at December 2023 end), remaining well above regulatory requirement (100%) and EU average (167.1% at December 2023 end). The positive evolution built on the substantial rise in the liquidity buffer, generally driven by the increases in the stock of central governmental assets and in the liquidity surplus.

** variation at constant exchange rate*

Source: BRD Research, IMF, NBR, EBA Risk Dashboard Report Q4 2023

3. COMMERCIAL ACTIVITY

As at March 31, 2024, the Bank had 391 branches (December 31, 2023: 423 branches, March 31, 2023: 451 branches), ensuring the distribution of its products and services throughout the whole country.

BRD continues its digital progress by extending the facility to visualize the investment funds, already available on the mobile application, also on YOU Web platform. Users can now initiate transactions for buying and selling investment funds directly from YOU web platform. Additionally, BRD has implemented various enhancements and optimizations designed to augment user satisfaction on YOU platform, such as, the possibility to share IBANs for all the accounts, copy account numbers, or receive in-app reminders to enable push notifications via device settings.

The continuous rise in digital adoption is apparent, with YouBRD reaching nearly 1.5 million customers, showcasing a noteworthy +28% YoY increase as of Q1 2024 end.

BRD held a market share of 10.1% of total assets at December 31, 2023, according to its internal computation.

The structure of the customers' **net loans** at Group level evolved as follows:

RON bln	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Retail	23.5	24.7	25.2	1.8%	7.2%
Individuals	22.6	23.5	23.8	1.6%	5.3%
Small business	0.9	1.3	1.3	4.6%	56.1%
Non-retail	13.7	15.9	16.5	3.7%	20.2%
SMEs	4.6	5.7	5.8	1.7%	26.9%
Large corporate	9.1	10.2	10.7	4.8%	16.9%
Total net loans	37.2	40.6	41.6	2.5%	12.0%
Financial lease receivables	1.5	1.7	1.8	4.6%	20.3%
Total net loans, including leasing	38.7	42.3	43.4	2.6%	12.3%

Net loans outstanding (including leasing) reached RON 43.4 bn, increasing by 12.3% versus March 31, 2023 and by 2.6% compared to year end, driven by vigorous lending operations on the corporate segment, while activity on the retail segment exhibited resilience to effects stemming from tightened financial conditions, elevated interest rates, and escalating uncertainties regarding future prospects.

On retail segment (net loans outstanding +7.2% YoY at March 2024 end), BRD marked new record on the quarterly level of new loans granted to individuals, RON 2.35 billion in Q1 2024, +43% YoY, and the best quarter for new consumer loans, with an impressive growth of +51% YoY. New housing loans returned to growth both in value and in number, on a yearly basis, reaching a remarkable dynamic, of +45% YoY at March 2024 end (+32% YoY in number), proving that BRD offer is flexible and responsive to customers' needs. Small businesses contributed also to the segment growth, with net loans outstanding reaching an impressive dynamic of +56.1% YoY at March 2024 end.

Corporate financing continued to deliver a strong performance (net loans outstanding +20.2% YoY at March 2024 end), fueled by both SMEs (net loans outstanding +26.9% YoY at March 2024 end) and large companies (net loans outstanding +16.9% YoY at March 2024 end). Additionally, leasing activity preserved a substantial growth pace (+20.3% YoY at March 2024 end).

BRD further acted on its strong commitment to support sustainability transitions. As of March 2024 end, BRD cumulated production of sustainable transactions amounted over the last 3 years, reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed between BRD and IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million. This transaction enables to free up capital for BRD with the purpose to boost capabilities in financing of impactful sustainability-related projects in Romania (more than EUR 300m committed to finance climate-related initiatives and women-owned smaller businesses).

The customers' deposits structure at Group level evolved as follows:

RON bln	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Retail	36.6	40.8	41.0	0.6%	12.0%
Individuals	31.0	34.1	34.8	2.0%	12.3%
Small business	5.7	6.7	6.3	-6.4%	10.5%
Non-retail	18.9	21.6	21.9	1.3%	15.8%
SMEs	8.0	9.4	9.0	-3.8%	12.8%
Large corporate	10.9	12.3	12.9	5.2%	17.9%
Total deposits	55.6	62.4	63.0	0.9%	13.3%

The deposit base delivered consistent growth, rising by +13.3% YoY as of March 2024 end. Retail deposits, a stable and significant source of funding, showed robust growth, increasing by +12.0% YoY on strong collection of individuals term deposits. Corporate deposits exhibited even stronger performance, growing by +15.8% YoY, driven primarily by increased net inflows from large corporate clients (+17.9% YoY as of March 2024 end) followed by SME clients (+12.8% YoY as of March 2024 end).

For the evolution of the main components of the net banking income please refer to “Financial results” section.

SUBSIDIARIES' ACTIVITY

BRD SOGELEASE IFN SA

As of March 31, 2024, net outstanding of leasing financing granted by BRD Sogelease increased by +20.3% YoY to RON 1,770 million. New leasing production increased to RON 316.8 million in 2024, +11.4% YoY. BRD Sogelease activity continued the good trend from 2023 also in Q1 2024, with demand for leasing financing remaining consistent during the period. Business was driven by SME's and large corporates active in various sectors as agriculture, construction, logistics and transportation, manufacturing which use financial leasing as an efficient and accessible financing solution offered by BRD Group.

BRD FINANCE IFN SA

At the end of March 2024, the value of the net loan portfolio was of RON 173 million vs. RON 374 million at March 2023 end. As the subscription of new products and transactions on cards was stopped from previous year, the entity is now in a pure runoff situation focused on the management of the existing portfolio, on the limitation of operating expenses and a stepwise reduction in cost of risk.

As of March 31, 2024, BRD Finance IFN SA is in process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of March 31, 2024 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 20.3%* and RON 4.5 billion assets under management, up by +32% YoY as of March 2024 end, ranking the 3rd in the market. BRD Asset Management offers investment solutions to more than 145 thousand clients across its 12 investment funds. The diversified products of BRD AM, offer multiple investment possibilities, intended for the objectives of our clients.

** market share computation based on total open-end funds assets under management at March 2024 end*

4. FINANCIAL RESULTS AND RATIOS

FINANCIAL POSITION ANALYSIS

The below financial position analysis is done based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended March 31, 2024 and the comparative periods.

FINANCIAL POSITION – ASSETS

Total assets increased by 15.6% versus March 31, 2023, for the Group and by 15.9% for the Bank. Compared to 2023 end, total assets were slightly higher by 0.4% for both the Group and the Bank.

The asset structure is presented below:

THE GROUP

Assets (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Cash and current accounts with Central Bank	7,455	11,778	9,730	11.6%	-17.4%	30.5%
Loans and advances to credit institutions	5,867	6,129	7,363	8.7%	20.1%	25.5%
Net loans and advances to customers	37,179	40,613	41,641	49.5%	2.5%	12.0%
Financial lease receivables	1,471	1,692	1,770	2.1%	4.6%	20.3%
Other financial instruments	18,234	20,824	20,857	24.8%	0.2%	14.4%
Tangible and intangible assets	1,534	1,645	1,697	2.0%	3.2%	10.7%
Other assets	1,098	1,168	1,130	1.3%	-3.2%	2.9%
Total assets	72,839	83,849	84,188	100.0%	0.4%	15.6%

THE BANK

Assets (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Cash and current accounts with Central Bank	7,455	11,778	9,730	11.9%	-17.4%	30.5%
Loans and advances to credit institutions	5,851	6,114	7,348	9.0%	20.2%	25.6%
Net loans and advances to customers	36,439	40,202	41,243	50.5%	2.6%	13.2%
Other financial instruments	18,228	20,838	20,873	25.6%	0.2%	14.5%
Tangible and intangible assets	1,511	1,620	1,674	2.0%	3.3%	10.7%
Other assets	988	829	817	1.0%	-1.5%	-17.3%
Total assets	70,472	81,381	81,684	100.0%	0.4%	15.9%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers registered a robust performance year-on-year (Group: +12.3% YoY at March 2024 end, o/w leasing +20.3%; Bank: +13.2%) driven by both corporates and individuals, with corporates segment making the largest contribution, as detailed above in Chapter 3.

CASH, CURRENT ACCOUNTS WITH THE CENTRAL BANK AND LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Cash and current accounts with the Central Bank and loans and advances to credit institutions increased by 28.3% versus March 2023 end, for both the Bank and the Group, driven by both higher cash and current accounts with the central bank and placements to credit institutions. Compared to December 2023 end, the level decreased by 4.6% for the Bank and 4.5% for the Group, driven by the decrease of cash and current accounts with the central bank. These items represented approximately 20.3% of total assets for the Group and 20.9% for the Bank at end of March 2024.

The minimum compulsory reserve held with the National Bank of Romania accounted for 27.8% of this aggregate at March 31, 2024 (25.6% at December 2023 end and 32.1% at March 2023) at Group level. It amounted to RON 4,760 million, up by 3.8% vs December 31, 2023 and 11.5% vs March 31, 2023, mainly linked to increasing customers deposits during the analysed period. The level of RON and FX minimum reserve requirements for liabilities with residual maturity of less than 2 years are at 8% and 5% respectively, unchanged from May 2015 for RON and from November 2020 for FX.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments include financial assets at fair value through other comprehensive income, treasury bills at amortised cost, financial assets at fair value through profit and loss, derivatives and other financial instruments held for trading, investments in associates and subsidiaries.

These items amounted to RON 20.9 billion at March 2024 end and represented 24.8% of Group assets and 25.6% of Bank assets. They increased by almost 14.5% compared to March 2023 end for both

Group and Bank, mainly driven by the increase in government bonds portfolio measured at amortised cost and includes bonds issued by Romanian government, French State and US Treasury.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets increased by 10.7% compared to March 2023 end for both the Group and the Bank and accounted for 2.0% of the total assets with land and buildings representing the largest part of the item.

The total value of investments during the first 3 months of 2024 was RON 68 million for both the Group and the Bank, compared to RON 48 million in the same period in 2023 for both the Group and the Bank. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Amounts owed to credit institutions	7,633	9,396	9,655	11.5%	2.8%	26.5%
Amounts owed to customers	55,574	62,406	62,954	74.8%	0.9%	13.3%
Other liabilities	2,023	3,185	2,413	2.9%	-24.2%	19.3%
Shareholders equity	7,608	8,862	9,167	10.9%	3.4%	20.5%
Total liabilities and shareholders equity	72,839	83,849	84,188	100.0%	0.4%	15.6%

THE BANK

Liabilities and shareholders equity (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Amounts owed to credit institutions	5,568	7,226	7,495	9.2%	3.7%	34.6%
Amounts owed to customers	55,793	62,642	63,140	77.3%	0.8%	13.2%
Other liabilities	1,895	3,048	2,283	2.8%	-25.1%	20.5%
Shareholders equity	7,216	8,465	8,765	10.7%	3.5%	21.5%
Total liabilities and shareholders equity	70,472	81,381	81,684	100.0%	0.4%	15.9%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At March 2024 end, amounts owed to customers increased by 13.3% for the Group and by 13.2% for the Bank and accounted for 74.8% of the total liabilities and shareholders' equity at Group level and for 77.3% at Bank level. The increase primarily resulted from higher inflows in term deposits from individual customers and notable advancement in deposits from non retail customers.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent borrowings from the parent and International Financial Institutions and interbank deposits, and stood at 12.9% of the total liabilities for the Group and 10.3% for the Bank at March 31, 2024.

BRD Group's borrowings from Société Générale totalled RON 7.9 billion (10.5% of liabilities) at March 2024 end. Among these, are included 5 senior non-preferred loans in amount of EUR 970 million, namely: EUR 150 million in June 2022, EUR 120 million in December 2022 and EUR 450 million in December 2023 (roll-over of a 2021 SNP), all with an initial term of 3 years and a call option at 2 years; EUR 100 million with initial term at 7 years and a call option at 6 years and EUR 150 million with an initial term of 8 years and a call option at 7 years, both drawn in December 2023, and 2 subordinated loans in amount of EUR 250 million (EUR 100 million drawn in December 2021, respectively EUR 150 million in June 2022, both with an initial term of 10 years and a call option at 5 years).

SHAREHOLDERS' EQUITY

Shareholders' equity increased by 20.5% for the Group and by 21.5% for the Bank compared to March 31, 2023, driven by net profit generated over the analysed period and lower negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of slightly favorable development of bond yields curve as compared to the same period of last year, partially reduced by the dividend distribution of 50% from 2022 net profit (i.e RON 643m, approved by GSM in December 2023).

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,748)	(1,157)	(1,179)	1.9%	-32.5%
Retained earnings and capital reserves	6,777	7,436	7,760	4.4%	14.5%
Non-controlling interest	64	68	70	3.2%	9.7%
Total shareholders' equity	7,608	8,862	9,167	3.4%	20.5%

THE BANK

Shareholders' equity (RONm)	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,748)	(1,157)	(1,179)	1.9%	-32.5%
Retained earnings and capital reserves	6,448	7,107	7,429	4.5%	15.2%
Total shareholders' equity	7,216	8,465	8,765	3.5%	21.5%

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a comfortable liquidity level over the analysed period.

The net loans to deposits ratio reached 65.3% at March 31, 2024 for the Bank (from 64.2% at December 31, 2023 and 65.3% at March 31, 2023) and 69.0% for the Group, including financial leasing receivables (from 67.8% at December 31, 2023 and 69.5% at March 31, 2023).

3M-2024 FINANCIAL RESULTS

The comparative income statement of the Group for the periods January – March 2024 and January – March 2023 is presented below:

RONm	Q1-2023	Q1-2024	Q1 24/'23
Net banking income	935	985	5.3%
- net interest income	671	716	6.8%
- net commissions	172	186	8.0%
- other banking income	92	82	-11.0%
Operating expenses	(508)	(529)	4.2%
- staff expenses	(224)	(245)	9.3%
- non-staff expenses	(284)	(285)	0.2%
Operating profit	427	455	6.5%
Net cost of risk	(9)	(54)	5.7x
Gross result	418	401	-4.1%
Net result	342	326	-4.6%
Profit attributable to equity holders of the parent	337	324	-3.9%

The comparative income statement of the Bank for the periods January – March 2024 and January – March 2023 is presented below:

RONm	Q1-2023	Q1-2024	Q1 24/'23
Net banking income	893	942	5.4%
- net interest income	638	684	7.2%
- net commissions	165	178	7.9%
- other banking income	91	80	-12.2%
Operating expenses	(487)	(511)	5.0%
- staff expenses	(212)	(234)	9.9%
- non-staff expenses	(274)	(277)	1.2%
Operating profit	407	431	5.9%
Net cost of risk	(7)	(36)	5.2x
Gross result	400	394	-1.4%
Net result	333	322	-3.2%

BRD Group's revenues registered an increase of +5.3% in the first three months of the year, versus the same period of 2023. The evolution was primarily driven by the +6.8% YoY advance of net interest income, built on the positive volume effect, following the growth of both retail and corporate loans, partially reduced by the negative effect generated by lower interest rates as compared to Q1 2023 (average ROBOR 3M decreasing from 7.10% in 3M 2023 to 6.11% in 3M 2024).

Net fees and commissions increased by +8.0% YoY in Q1 2024, reflecting mainly higher revenues from transfers, cards and capital market activities, positive contribution from off balance commitments. The advance was partially tempered by the contraction in fees on cash transactions and on current accounts outside packages.

Other revenues categories were rather stable (vs a particularly dynamic Q1 2023) excluding one-off limited provision.

Following the deceleration towards the end of 2023, inflation step up during the first two months of 2024, due to the increase and introduction of some indirect taxes and charges aimed for further budget consolidation, but decelerated back to 6.6% level in March, given positive developments on both food and services prices. Still, the average rate of inflation over the last 12 months (April 2023 – March 2024) vs previous 12 months, remains elevated, at 8.5%, exerting further pressure on costs. Nevertheless, thanks to a disciplined approach to spending, overall expenses saw a +4.2% increase compared to the first quarter of 2023, remaining below the 12 months average inflation. Staff expenses rose by +9.3%

YoY during Q1 2024, especially linked to price effect and increased benefits, within an inflationary environment and a fiercely competitive talent market.

For 2024 the estimated cumulated contributions to Deposit Guarantee Fund and Resolution Fund reduced to RON 43.1m from RON 75.8m expense booked in Q1 2023. The positive impact of this cost reduction was almost cancelled over the analyzed period by the enforcement starting 2024 of the new levy tax of 2% on turnover (in amount of RON 30.4 million for Q1 2024, computed and paid quarterly based on actual results).

The evolution of other costs mainly reflects increased IT effort supporting the advancement on our digital roadmap.

Gross operating income reached RON 455 million in Q1 2024 (+6.5% compared to Q1 2023) and cost to income ratio slightly improved on positive jaws effect (53.8% in Q1 2024 vs 54.3% in Q1 2023).

During 2024, asset quality remained strong, with NPL ratio around record low level, reaching 2.1% at March 2024 end (1.9% at 2023 end), while NPL coverage remained comfortable (76.4% at March 2024 end vs 75.9% at 2023 end, Bank level). Net cost of risk registered RON 54.3m net provision allocation during Q1 2024, compared to RON 9.4m net provision allocation in Q1 2023, reflecting a closer to “through the cycle” level.

The net result of BRD Group amounted to RON 326 million during Q1 2024, compared to RON 342 million in the first quarter of 2023, lower by -4.6% YoY. This decrease primarily reflects a normalization trend in risk costs and a negative interest rate effect, while the commercial activity remained robust across all segments. ROE reached 14.5% in Q1 2024 vs. 18.8% in Q1 2023. ROA reached 1.6% in Q1 2024 (compared to 1.9% in Q1 2023).

The Bank recorded similar trends, which led to a net result of RON 322 million in Q1 2024 versus RON 333 million in Q1 2023.

Neither Bank’s, nor the Group’s revenues depend on a single or group of connected customers; hence there is no risk that the loss of a customer might significantly affect the income level.

No subsequent events were identified after the reporting date.

CAPITAL ADEQUACY (THE BANK)

Bank	Mar-23	Dec-23	Mar-24
RONm			
Tier 1 capital	6,109	6,859	6,824
Tier 2 capital	1,237	1,244	1,242
TOTAL OWN FUNDS	7,346	8,103	8,066
Capital requirements	2,685	2,823	2,681
Credit risk (including counterparty risk)	30,685	32,769	30,921
Market risk	201	139	177
Operational risk	2,466	2,238	2,236
CVA risk	207	145	179
Total risk exposure amount	33,559	35,291	33,513
Regulatory CAR	21.9%	23.0%	24.1%
Tier 1 ratio	18.2%	19.4%	20.4%

* CAR for Mar-24 is preliminary, own funds include 50% of 2023 profit

At Bank level, the capital adequacy ratio reached 24.1%* at March 31, 2024, compared to 23.0% at December 31, 2023 and 21.9% at March 31, 2023.

The Tier 1 ratio was 20.4%* at March 31, 2024 compared to 19.4% at December 31, 2023 and 18.2% at March 31, 2023.

BRD’s regulatory own funds as at March 31, 2024 are formed of common equity capital (CET1) and Tier 2 instruments.

The year on year increase in own funds is mainly explained by the increase of Tier 1 capital, to RON 6,824 million at March 31, 2024 compared to RON 6,109 million on March 31, 2023, mainly on lower

negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of slightly favorable development of bond yields as compared to the same period of last year, incorporation of 50% of 2023 net profit, partially reduced by dividend distribution out of 2022 net profit (50% payout approved by GSM in December 23).

Risk weighted assets variation was influenced by the dynamic lending activity and the implementation of the innovative synthetic significant risk transfer (SRT) transaction closed with IFC (member of the World Bank Group) in Q1 2024. The transaction was structured on a reference portfolio of EUR 700 million, being representative of BRD core corporate activities with good diversification across industries and product types.

5. CONCLUSIONS

Romania remained one of the fastest growing economies in the EU. GDP growth rate reached 2.1% in 2023, with investment activity, fueled by EU funds, becoming the primary driver.

Throughout the first quarter of 2024, amid persisting macroeconomic challenges, BRD continued to demonstrate its strong commitment as a trusted partner to its customers and the Romanian economy. This dedication was evident in the company's resilient commercial performance across all sectors.

BRD's net loans outstanding reached RON 43.4 billion at end of March 2024, significantly growing by +12.3% YoY, above market pace. This dynamic performance was primarily driven by vigorous lending activity on corporate segment, while lending on retail segment kept resilient, despite tightened financial conditions, elevated interest rates, and escalating uncertainties. BRD marked record levels in new loans granted to individuals, with notable growth both on consumer and housing loans, proving that BRD offer is flexible and responsive to customers' needs. Corporate financing also demonstrated a strong performance, in both SMEs and large companies segments, while leasing activity maintained a substantial growth pace.

BRD further acted on its strong commitment to support sustainability transitions. As of March 2024 end, BRD cumulated production of sustainable transactions over the last 3 years, reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed between BRD and IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million. This transaction enables to free up capital for BRD with the purpose to boost capabilities in financing of impactful sustainability-related projects in Romania (more than EUR 300m committed to finance climate-related initiatives and women-owned smaller businesses).

The deposit base expanded steadily, increasing by +13.3% YoY as of March 2024 end, building on both retail and corporate resources. Retail deposits, a key funding and stable resource, grew by +12.0% YoY, while corporate deposits saw an even stronger growth at +15.8% YoY.

On digital front, BRD continues to enhance customers experience bringing new functionalities, both on the mobile application, as well as on the web platform. Users can now initiate transactions for buying and selling investment funds directly from YOU web platform, and the facility to visualize the investment funds, already embedded in the mobile application, is now also available on the web platform. YOU BRD continues to grow and attract new users, reaching nearly 1.5 million customers, up by +28% YoY as of March 2024 end.

Benefiting from a strong commercial momentum during the first quarter of 2024, BRD Group achieved robust revenue growth, while operating expenses were contained below inflation level. This positive trend led to an improved cost-to-income ratio for Q1, with the new levy tax being offset on this quarter by lower cumulated contributions to Deposit Guarantee and Resolution Funds. Asset quality ratios remained at sound level, while risk costs' evolution reflects a closer to "through the cycle" level. BRD Group ended the first quarter with a strong net result of RON 326m and high ROE of ~15%.

Looking forward, BRD remains committed to finance Romanian economy, and even more to contribute to build a sustainable one, as evidenced by the partnership with IFC.

The interim financial report as at March 31, 2024 has not been audited.

Jean – Pierre Georges VIGROUX

Chairman of the Board of Directors

Maria ROUSSEVA

Chief Executive Officer

Etienne LOULERGUE

Deputy Chief Executive Officer

Simona PRODAN

Finance Executive Director